

**State of Connecticut - Department of Children and Families (DCF)**

**Request for Proposals (RFP)**

**"Social Impact Bond Project to Target Families Involved in  
Child Protective Services and Impacted by Substance Abuse"**

**Clarification**

- 1. Page 6 of the RFP reads "Similarly, of those children who do require an out-of-home placement, the percentage placed in family care, rather than congregate care, has increased from 67.5% in January 2011 to 75.2% today." Page 8 of the RFP contradicts this statistic by stating, "Of children in out-of-home care in Connecticut, 78.2% are in family care while the remaining 21.8% are in congregate care."**

For the purposes of modeling a Social Impact Bond (SIB) targeting this population in your Application, please use the figure in page 8 by assuming that 78.2% of children in out-of-home care are in family care and the remainder in congregate care.

- 2. Page 3 of the RFP states that finalist(s) will be announced by May 1, 2014.**

The plan is for the finalist(s) to be announced in early May, 2014.

- 3. Page 11 of the RFP states that the Application Budget and Budget Narrative section should be submitted as an Excel Spreadsheet.**

While the Application Budget should be submitted as an Excel Spreadsheet, the Budget Narrative should be in a searchable PDF format.

- 4. Does the consulting affidavit need to be submitted with the application? What if no consultants are associated with the project?**

The consulting affidavit refers to hiring consultants to complete the application itself, and specifically seeks to answer the question of whether or not a current or former state employee was paid to develop the application. Regardless of the answer to that question, the affidavit must be completed, notarized and included in the application.

**Responses to Inquiries**

- 5. What is the page limit for responses? Page 11 of the RFP states 40 pages, double-spaced. Is that a total of 40 or 80 pages?**

The Application questions should be answered in no more than 40 pages, which once printed out, should occupy no more than 20 pages using both sides of each page. This limit excludes the cover page, table of contents, Application budget and budget narrative, and appendices.

**6. What is the time for the submission deadline?**

The submission deadline is March 31, 2014, at noon EST.

**7. Is there a possibility that submissions will be released to others who submit Freedom of Information Act (FOIA) requests?**

DCF will respond in compliance with federal and state laws in responding to FOIA requests. If an Applicant includes information in the Application that it considers proprietary, the Applicant should specify in the Application which sections it considers proprietary and must explain why it considers the information proprietary. DCF reserves the right to make its own judgment as to whether information is proprietary and to respond to FOIA requests accordingly.

**8. Will there be a second RFP issued for providers?**

DCF anticipates that this will be the only RFP that will be issued and does not expect to issue a separate RFP for service providers. The intermediary that is selected through this RFP will be responsible for identifying appropriate intervention(s) and service provider(s) in conjunction with DCF.

**9. The RFP does not include data on the juvenile justice population. Is this an intentional decision? Can organizations respond with proposals related to this population?**

For the purpose of this RFP, DCF is seeking intermediaries who will work with DCF to develop a SIB that would target families involved in child protective services whose parents or caregivers are impacted by substance abuse. DCF is not currently seeking proposals for interventions that target the juvenile justice population. Applicants should respond with proposals that meet the requirements of the RFP.

**10. Do the interventions envisioned in this RFP include substance abuse recovery support?**

DCF welcomes proposals for any type of intervention, including recovery treatment, that is appropriate for a SIB project and can effectively improve outcomes for the target population identified in the RFP.

**11. State of CT Raised Senate Bill 105, An Act Concerning Social Innovation Investment, would authorize the executive branch to engage in Pay for Success contracts. What happens if the legislation does not pass?**

DCF is actively monitoring all SIB-related proposals and has provided public testimony when asked, and will continue to do so. DCF has supported the creation of authorizing

legislation, and has proceeded up to this point pursuant to its statutory authority to enter into contracts.

**12. Page 10 of the RFP states that, “In composing their budgets, respondents should refer to the Budget Form and assume that evaluation costs will be \$200,000 per year for the project.” How was this number derived and is this definitely the cost of the evaluation?**

The \$200,000 per year estimate is for the cost of a rigorous evaluation. DCF is asking Applicants to use this figure in composing their budget to facilitate the process of responding to the RFP for Applicants and the process of reviewing the RFP Applications for DCF. The ultimate cost of the evaluation may vary from this estimate depending on the particular intervention that is selected, the number of individuals or families that will be served as well as the evaluation methodology.

**13. You have indicated a potential cohort of 200 per year. Does this number refer to individuals, parents or families?**

DCF has specified that a SIB project must serve at least 200 cases per year for 3 – 6 years. Thus at a minimum at least 600 cases should be served through this intervention. DCF identifies “cases” as families or individuals depending on the service model. If multiple individuals in a family are served that would count as a single case. The minimum number of cases was specified to ensure a large enough sample size for a statistically robust evaluation of results.

**14. Can DCF provide any additional data to inform Applicants?**

To ensure the fairness and competitiveness of the procurement process, DCF will not facilitate an Applicant’s access to information outside of standard processes for obtaining information from DCF (including information available on the DCF website). The RFP includes limited cost and target population data. We recommend that you use this data in your Application, even if you believe that you possess more accurate data, so that the calculations in Applications are comparable. After the contract has been awarded, the finalist(s) will have the opportunity to refine estimates of savings and baseline outcomes in collaboration with DCF.

**15. Is randomization preferred for the evaluation of this project?**

Randomized controlled trials (RCT) are considered the gold standard of evaluation. However, not every intervention can be evaluated through an RCT. The evaluation methodology will be chosen after the intervention has been identified based on what is feasible. In general, the state prefers more rigorous evaluation methodologies because they provide more evidence to inform future decision making.

**16. Page 3 of the RFP states that, “the project will serve at least 200 people per year during a period of at least 3 years.” However, there are large fixed costs associated with a SIB,**

**including legal and intermediary fees. Doesn't a SIB have to be bigger than this in order to allow government to pay based on savings?**

The minimum number of cases served through this intervention will be 600. You are free to propose a larger project. The scale of the intervention will depend on the available funding for the project, the size of the target population and the level of need, as well as the cost of the intervention. Ensuring that the public sector savings and benefits outweigh the operating costs of the project will be a key factor in selecting the specific intervention for this project with the intermediary.

**17. One of the benefits of SIBs is that they allow governments to account for benefits and savings across agencies. Have you identified the metrics for measuring benefits and savings? Will DCF account for savings that accrue to other Connecticut agencies, such as savings to the criminal justice system, through this SIB?**

DCF anticipates that the greatest savings from this project will result from reduced out-of-home placement and time to permanency. As stated in the RFP, DCF will also account for quantifiable savings from other sources, including those that accrue to DCF, other Connecticut agencies, local government or the federal government. In responding to this RFP, Applicants are directed to include such savings to all levels of government in the budget, as well as to take them into account in calculating cost-effectiveness, returns to investors, and the DCF outcome payments.

**18. For the illustrative budget and financial model section, do the specific dollar amounts of the budget line items, such as the total cost of the intervention or the legal costs, matter in the scoring process?**

DCF will evaluate the budget for the Applicant's ability to conduct the necessary analysis and to structure a cost-effective yet realistic budget. While DCF expects line items in the budget to be realistic estimates, these figures will be refined after the finalist(s) have been selected through this RFP. The assumptions for the budget, including the intervention example that is used, the proposed length of the project as well as the proposed number of cases served, should be explained in the budget narrative.

**19. I would like to understand what SIBs means for service providers. Could you clarify?**

In the SIB model, the operating funds for scaling an intervention are raised by an intermediary organization from private and philanthropic investors. Therefore the provider benefits from access to multi-year funding for the length of the project. Funding through SIBs is flexible and will account for the service provider's financing needs to build capacity as well as scale services. For providers, SIB projects cover costs of an evaluation and therefore offer the opportunity for providers to test their interventions in a rigorous manner to build an evidence base.

**20. Are Applicants required to name specific investors in the response to this RFP or to secure firm capital commitments from investors as part of an Application?**

The RFP does not require specific investors to be named in an Application, nor for Applicants to secure capital commitments from investors before being selected. Applicants are asked to describe their strategy for securing financing from commercial and philanthropic investors and to provide evidence to support the potential for their strategy to succeed in raising the requisite financing. Furthermore, Applicants are required to demonstrate their ability to maintain investor relations and provide reporting as required. DCF anticipates that all funds will be raised during the initial “start-up” phase of the project. Upfront investment must be secured by the Applicant before execution of a SIBs contract with DCF and commencement of service delivery.

**21. Will the State consider a single joint response to this RFP from two or more entities?**

This RFP only seeks organization(s) that can fulfill the responsibilities of an intermediary. Two or more organizations may respond jointly if their experiences and qualifications complement one another such that they are able to meet the requirements for an intermediary by teaming up. The proposal should clearly delineate how the functions for an intermediary will be divided between the organizations (e.g. one organization may raise capital and structure the project during the startup phase while another organization manages the service providers and monitors delivery of the intervention post-launch). In addition, the budget and budget narrative should explain how the intermediary costs will be divided between the organizations. The proposal should identify a single organization as the primary Applicant.

**22. On page 4 of the RFP, in the subcontracting section, the following example is given: “For instance, it is possible for an intermediary organization that has transaction and fundraising expertise to enter into a contract with DCF to construct the deal and to subcontract with another intermediary that has experience with the target population and policy area to manage the project after it has launched”. Would it also be a viable option for the intermediary with experience with the target population and policy area to be the primary contractor who then subcontracts with a fiscal intermediary? Given the uncertainty of the programs to be chosen, it is possible that a subcontractor may be chosen that serves both as a provider and a program manager. Would this be acceptable?**

Yes, an intermediary that has experience with the target population and policy area may be the primary contractor who then subcontracts with a fiscal intermediary to raise the upfront capital for the project (also see response to Question 17). Through this RFP, DCF is seeking an intermediary. While it is possible that the subcontractor of the Applicant would serve as the provider and the program manager, at this stage it is key that the subcontractor be willing to potentially contract with other service providers for service delivery, given that the intervention(s) have not been identified yet.

**23. How long will CT DCF have its TA for this project? What is the plan for coordinating this effort once that TA is over?**

The Harvard Kennedy School Social Impact Bond Technical Assistance Lab will be supporting the project development at least until late summer 2014. Decisions about coordination roles after that point have not been made.

**24. On page 6 the RFP states: “If the intermediary fails to achieve the minimum performance targets, then the government does not pay, ensuring that taxpayer funds are only spent on interventions if they are effective. Payments typically rise for performance that exceeds the minimum target, up to an agreed-upon maximum payment level.”**

- a. Can DCF please clarify what it means by “the minimum performance targets”? Will these be the performance targets of the chosen intervention? In which case, is the expectation that the intermediary will not get paid until the project’s outcomes are measured? Or are there other performance targets envisioned that will enable a more prompt payment for the work of setting up and implementing the project?**

There will be no compensation from DCF during the development of the project until the contract has been executed. In the SIB model, all of the operating costs of the project, including the intermediary fees, are covered by capital raised from commercial and philanthropic investors. Thus intermediaries typically receive payment out of the capital raised in advance of performance measurement. During the planning period of the project, DCF and the intermediary will negotiate minimum performance targets, which are thresholds that must be met or exceeded by the project to activate the repayment of investors. The level of repayment and potential return to investors will depend on the performance of the project. Outcomes must therefore have been measured and evaluated before the repayment to investors is determined.

DCF will consider projects that contemplate multiple repayment points based on outcomes achieved during the course of the project provided these interim outcomes themselves demonstrated accrued savings and benefits. For each measurement, there must be a large enough sample size to ensure statistically robust validation of results.

Repayment points and minimum performance thresholds for payment will be determined after the finalist(s) for the project have been selected through this RFP.

- b. If there are other performance targets besides those of the intervention established, will the intermediary be able to inform the definition of those targets?**

Yes, the outcome metrics as well as the performance targets that activate repayment to investors will be defined in conjunction with the intermediary.

**25. On page 9, the RFP states that one of the organization capacity metrics for an intermediary is, “Adequate operating funds to collaborate with DCF at no compensation during the development of the project.” In our experience working with**

**another SIB, project development, depending on how exactly it's defined, could be said to have taken more than 18 months.**

**a. Can CT specific what it means by the development phase of the project?**

The development phase of the project includes time necessary to structure the project, plan for operations, develop the evaluation and negotiate the contract.

**b. What is DCF's realistic expectation regarding intermediary compensation during this phase?**

DCF is unable to provide compensation, including retroactively, until after a contract has been executed.

**26. Does the state intend to have there be one intervention provided by several partner agencies for the target population or are they looking for multiple interventions (community based) to be provided to the target population by multiple agencies?**

DCF is open to both of these options. The intervention(s) and provider(s) will be selected in conjunction with the intermediary that is chosen through this RFP process.

**27. For Questions 4 and 5, do you prefer that one intervention be analyzed or multiple interventions for illustrating the impact of a collective action model?**

DCF does not have a preference as to whether one intervention or multiple interventions be analyzed at this stage.

**28. Can you provide any cost estimates associated with reopening cases with ongoing maltreatment?**

In order to develop an estimate of the costs associated with reopening cases, please refer to the cost of out-of-home care.

**29. Should the budget assume that all costs outside of evaluation costs will be covered through fundraising, or should budgets specify which costs DCF will incur and which costs will be covered through fundraising?**

For the purposes of the Application, Applicants should assume that all operating costs of the project are covered by the funds that are raised by the intermediary, except for the evaluation costs and any DCF administrative costs which will be incurred by DCF.

**30. Should the budget include full costs of services that could potentially be procured through pro bono assistance?**

Yes, the budget should include the costs of services that may eventually be procured through pro bono assistance.

**31. Can DCF provide any details on the average length of stay for in family and congregate care?**

Of those that exited placement in the 2013, the average length of stay for those in congregate care is 231 days, and the average length of stay for those in family care is 259 days. While congregate discharges generally indicate that youth have moved to a less intensive level of care, family care discharges would be comprised of youth whose needs were such that they could not be maintained in families. Our emphasis on kinship care should increase the number of children in family care and increase the time children stay in families. This will result in projected savings to taxpayers by further reducing costs associated with placement in congregate care settings and lengthy stays in foster care.

**32. Can DCF provide a percentage breakdown of substance abuse cases where adolescents are involved and where adults are involved?**

For the purposes of this RFP, DCF is seeking an intermediary that would work with DCF on developing a SIB to target families involved in child protective services whose parents or caregivers are impacted by substance use. As a result, the statistics DCF provided in pages 7 and 8 of the RFP refer to cases in which parents or caregivers are impacted by substance use. While in some of these cases there may be adolescents that are also impacted by substance use, this sub-population is not the focus of this RFP.

**33. What type of risk assessment tool does DCF utilize with cases?**

The Department uses an evidence-based safety and risk assessment system call Structured Decision Making (SDM®). The SDM Risk Assessment tool identifies potential risk factors that influence future risk of harm.

Following completion of the SDM Screening and Response Priority Tools, the Careline reviews all accepted CPS reports designated as a 72 hour response and determines, based on the Rule Out Criteria, which track the report will be assigned to: Investigations or a Family Assessment Response. The following Rule Outs for Family Assessment Response have been identified:

The following report types require an investigation assignment:

- Congregate care, foster care (includes allegations involving biological/adoptive children of the foster parent), persons entrusted
- Any report on an open protective service case (excluding Voluntary Services)
- Child taken into protective custody by Police Dept or hospital due to Abuse/Neglect
- Caregiver currently incapacitated due to drugs, alcohol or mental illness
- Child currently abandoned
- Child left alone (tied to safety/risk; other factors considered, such as the age of the child)



- Substance abuse by mother of a newborn and/or the newborn has positive urine or me conium toxicology for drugs
- Child fatality due to suspected abuse and neglect with surviving siblings/other children in the home (current report)
- Two or more substantiated investigations on a current household member within the previous twelve months
- Sexual Abuse (current report)
- Previous adjudication of Abuse/Neglect in Superior Court
- Any report involving potential criminal child abuse or neglect that requires a coordinated intervention with law enforcement
- Previous risk assessment of high within the last 12 months
- Current/recent severe violence by use of weapon/object, sexual assault, physical assault during pregnancy, serious injury to an adult/child or attempted strangulation

#### **34. What is the process flow for cases through DCF?**

Reports of abuse or neglect come to DCF staff through the CareLine. Some reports are from mandated reporters, such as teachers and doctors, who are professionals and are required by law to report abuse and neglect. However, anyone can submit a report. These reports are analyzed through (SDM®) to determine the needed response time. Cases will enter one of two response tracks. As described above, when there are safety concerns or the child(ren) are deemed to be at high risk, a Child Protective Services (CPS) investigation will occur while lower risk reports are referred to community service providers to receive services through the DCF funded Family Assessment Response (FAR) program.

The great majority of children served by DCF remain at home with their parents. DCF may authorize a child's removal if there is probable cause to believe that the child is at imminent risk of physical harm and that immediate removal is necessary to ensure the child's safety. Before reaching this stage of the process, whenever possible, a Considered Removal Meeting occurs to first determine if kin/family placement is a viable possible. Removals can take place either through an administrative removal, also called a 96-hour hold or following an Order of Temporary Custody (OTC). The latter is the preferred option whenever possible. Following a 96-hour hold, the child may be reunified with the family, or, if it is necessary to maintain the child in out-of-home placement, DCF may seek an OTC from the court. A court hearing must take place within 10 days. If the OTC is sustained by a judge, the parents can agree to or contest the OTC. At a contested hearing, the OTC can once again be sustained or not sustained.

DCF's permanency goals include reunification, transfer of guardianship, termination of parental rights, or another planned placement living arrangement. When a child must be

placed in out-of-home care, DCF's goal is his or her safe return as soon as the family situation is determined to be stable and safe. If this is not achieved, though, there are several permanency situations such as a transfer of guardianship and commitment of the child to DCF. If these are not feasible, then Termination of Parental Rights (TPR) may eventually occur.

**35. Which evaluation firm/consultant is doing the "better" cross department cost analysis? Would that firm be conflicted from bidding on the RFP?**

Various firms and individuals perform and have performed cost analysis for DCF and more generally for the State of Connecticut. Firms and individuals that have had prior contracts with the state are welcome to respond to this RFP. DCF does eventually expect to hire an independent evaluator for this project, and it is expected that the independent evaluator will be independent, and therefore should not be the same as the intermediary.