

§ 21.442

38 CFR Ch. I (7–1–19 Edition)

cover repayment of the principal investment and provide a modest return on investment for any associated risks of paying for the intervention upfront.

Pay for Success (PFS) agreement is a multi-party agreement to deliver an innovative or evidence-based intervention intended to improve outcomes for a targeted population signed by the entities that constitute the project partnership.

Project partnership is a collaboration among entities that negotiate an agreement and execute a project to improve employment outcomes for Veterans with service-connected disabilities. The entities that may be involved in a project partnership include:

(1)(i) *Outcomes payor*. Entity that receives a VEPFS grant and pays for outcomes of services that meet target levels that have been agreed to in advance of the provision of the intervention.

(ii) *Project coordinator*. Facilitates, coordinates, and executes a PFS agreement to improve employment outcomes for Veterans with service-connected disabilities. With respect to other PFS projects, project coordinators are sometimes referred to as intermediaries.

(iii) *Evaluator*. Independent entity that determines the impact of the services provided, including whether the services have resulted in employment outcomes that meet target levels that have been agreed to in advance of the provision of the intervention.

(iv) *Investor*. Person or entity that provides upfront capital to cover costs of providing services/delivering an intervention and other associated costs before a determination has been made as to whether certain employment outcomes have been achieved at pre-set target levels.

(v) *Service provider*. Entity that delivers an intervention designed to achieve improved employment outcomes for Veterans with service-connected disabilities.

(2) A full project partnership is a project partnership that includes an outcomes payor, evaluator, investor (if the PFS agreement involves PFS financing), and service provider. A partial project partnership includes an outcomes payor and at least one of the following: Evaluator, investor (if the

PFS agreement involves PFS financing), or service provider.

Recipient is the entity that receives a VEPFS grant under §§ 21.440 through 21.449. The recipient is also the outcomes payor.

Secretary refers to the Secretary of Veterans Affairs.

Service-connected disability is a disability that is “service-connected” as defined in 38 CFR 3.1.

Social finance strategy is a method for securing financial resources using an investment approach that focuses on achieving positive social and/or environmental impact with some form of financial return.

Strong evidence constitutes results from previous studies, the designs of which can support causal conclusions (*i.e.*, studies with high internal validity), that 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).

Veteran has the same definition as provided in 38 CFR 3.1.

Veterans Employment Pay for Success (VEPFS) agreement is a PFS agreement to deliver an innovative, evidence-based intervention intended to improve Veteran employment outcomes.

Veterans Employment Pay for Success (VEPFS) project is a project with a strategy for delivering a service with a goal to significantly improve a current condition with respect to unemployment of a target Veteran population and sufficient evidence to support the theory behind the project using a financial model that includes cost savings by funding the project only if it is successful.

Work-plan is a document that articulates tasks and milestones with regard to a particular project.

(Authority: 38 U.S.C. 3119)

§ 21.442 VEPFS grants—general.

(a) VA may award a VEPFS grant only to an eligible entity selected under § 21.446.

(b) The amount of Federal funding available to be awarded in a VEPFS grant will be specified in the NOFA.

(c) A VEPFS grant will be awarded for a minimum of 5 years and a pre-determined maximum number of years,

Department of Veterans Affairs

§ 21.445

beginning on the date on which the VEPFS grant is awarded, with the availability of no-cost extensions.

(d) As a condition of receiving a VEPFS grant, a recipient will be required to provide matching funds from non-Federal sources equal to or greater than the amount of Federal grant funds awarded, to be combined with the amount of Federal grant funds awarded and used as specified in § 21.443.

(e) A VEPFS grant award is not a Veterans' benefit. Decisions of the Secretary are final and not subject to the same appeal rights as decisions related to Veterans' benefits.

(Authority: 38 U.S.C. 3119)

§ 21.443 Permissible uses of VEPFS grant funds.

(a) VEPFS grant funds may be used only to fund outcomes payments if an intervention achieves outcomes at a pre-set target level that has been agreed to in a PFS agreement before service delivery begins for a PFS project with a goal to improve employment outcomes for Veterans with service-connected disabilities.

(b) To pay for the indirect costs of administering a grant, regardless of whether an intervention achieves outcomes at a pre-set target level, a recipient may:

(1) Use a Federally approved indirect cost rate (a rate already negotiated with the Federal Government);

(2) Use a 10% de minimis rate of modified total direct costs;

(3) Negotiate an indirect cost rate for the first time; or

(4) Claim certain costs directly following 2 CFR 200.413.

(Authority: 38 U.S.C. 3119, 2 CFR 200.414)

§ 21.444 Notice of funding availability.

When funds are available for a VEPFS grant, VA will publish a NOFA in the FEDERAL REGISTER and on *Grants.gov* (<http://www.grants.gov>). The NOFA will identify:

(a) The location for obtaining grant applications and the specific forms that will be required;

(b) The date, time, and place for submitting completed grant applications;

(c) The total amount and type of funds available and the maximum amount available to a single applicant;

(d) Information regarding eligibility and the scoring process;

(e) Any timeframes and manner for payments under the grant; and

(f) Other information necessary for the VEPFS grant application process, as determined by VA, including contact information for the VA office that will oversee the VEPFS grant.

(Authority: 38 U.S.C. 501(d), 3119)

§ 21.445 Application.

To apply for a VEPFS grant, eligible entities must submit to VA a complete application package in accordance with the instructions in the NOFA and include the forms specified in the NOFA. Applications will be accepted only through *Grants.gov* (<http://www.grants.gov>). A complete grant application package, as further described in the NOFA, includes standard forms specified in the NOFA and the following:

(a) Project description, including a description of the intervention, the Veteran population to be served, and anticipated employment outcomes;

(b) Description of anticipated project partnership(s), including the responsibilities of each of the partner entities, the experience of any involved entities with serving Veteran populations, and other qualifications of the involved entities that may be relevant in carrying out responsibilities of the project partnership. In procuring partners such as the project coordinator and investor, procurement standards set forth in 2 CFR 200.317 through 200.326 must be followed;

(c) A work plan, including a budget and timelines;

(d) Description of applicant's expertise or experience with PFS or other social finance strategies or experience administering programs that serve Veterans with disabilities;

(e) Documentation of applicant's ability and capacity to administer the project;

(f) Proof of matching funds already secured, ability to secure matching funds, or commitments received; and