



## **Legal Services Corporation**

### **Pro Bono Innovation Fund Notice of Funds Availability**

#### **Request for Applications for 2014 Grant Funding**

**Issued: April 22, 2014**

**Application Submission Deadline: June 30, 2014  
By 11:59 P.M. Eastern Time**

**Submit Online At: <http://lscgrants.lsc.gov>**

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## **Overview**

The Legal Services Corporation was established in 1974 as an independent 501(c) (3) nonprofit corporation that promotes equal access to justice and provides grants for high-quality civil legal assistance to low-income Americans. LSC funds 134 independent nonprofit legal aid programs with more than 800 offices serving every state and the U.S. territories.

LSC promotes equal access to justice by awarding grants to legal services providers through a competitive grants process; conducting compliance reviews to oversee compliance with statutory and regulatory requirements as well as restrictions that accompany LSC funding; conducting program visits to assess program quality and make recommendations about grantee performance; and, by providing training and technical assistance to programs. LSC encourages programs to leverage limited resources by partnering and collaborating with other funders of civil legal aid, including state and local governments, Interest on Lawyers' Trust Accounts (IOLTA) programs, access to justice commissions, the private bar, philanthropic foundations, and the business community.

In March 2011, LSC's Board of Directors formed a Pro Bono Task Force to identify how to better engage pro bono lawyers to leverage LSC's federal funding and increase the resources available to serve low-income people. The Task Force included more than 60 distinguished leaders from the judiciary, major corporations, private practice, law schools, the federal government, the organized bar, pro bono programs, and the legal aid community ([See a list of Pro Bono Task Force members](#)).

The Task Force issued a [comprehensive report and recommendations](#) in October 2012. The report provides a summary of findings that illustrate the current crisis in legal services, and suggests ways that pro bono can be used to increase the supply of lawyers and others who are available to provide legal assistance. One of the Task Force's key recommendations was the creation of an Innovation Fund to encourage new ideas for engaging pro bono assistance to narrow the justice gap.

On January 17, 2014, the President signed Public Law 113-76, the Consolidated Appropriations Act of 2014, which included \$2.5 million in LSC's appropriation for a new grant program called the Pro Bono Innovation Fund, a program that will award grants to existing LSC grantees to strengthen the pro bono system and increase access to legal assistance for low-income people. Through the Pro Bono Innovation Fund, LSC will continue to leverage the impact and effectiveness of our grantee organizations with competitive grant making.

## **I. Funding Opportunity Description**

### ***A. Purpose of the Pro Bono Innovation Fund***

The purpose of the Pro Bono Innovation Fund is to develop and enhance pro bono programs that serve larger numbers of low-income clients and that improve the quality and effectiveness of the services clients receive. The Pro Bono Innovation Fund will support projects that are innovative (new approaches or the adaptation of existing, successful approaches) and replicable (the innovation, if successful, could likely be implemented by other legal aid programs).

### ***B. Key Goals of the Pro Bono Innovation Fund***

The Pro Bono Innovation Fund is designed to address issues identified in the October 2012 report of LSC's Pro Bono Task Force, which provides a summary of findings that illustrates the current crisis in legal services and suggests ways that pro bono can be used to increase the supply of lawyers and others who are available to provide legal assistance to low-income people. The key goals of the Pro Bono Innovation Fund are to:

1. Address gaps in the delivery of legal services to low-income people.
2. Engage more lawyers and other volunteers in pro bono service.
3. Develop and implement new, innovative, and replicable strategies that address persistent challenges in pro bono delivery systems.

LSC expects to fund applicants that successfully integrate these key elements and respond to the *Selection Criteria* described in this *Notice*.

### ***C. Areas of Interest for FY 2014***

In the pilot year of the Pro Bono Innovation Fund, LSC will welcome applications in a wide variety of areas without targeting its FY 2014 grant making to specific areas of interest. Consistent with the key goals of the Pro Bono Innovation Fund, however, applicants are encouraged to consider developing project models that offer novel and replicable solutions to persistent challenges in their current pro bono delivery systems. Such challenges and solutions may include, but are not limited to:

- Addressing duplicative or fractured pro bono efforts by forming partnerships with pro bono and community stakeholders or adding new partners to existing collaborations (e.g., working with state and local pro bono committees, specialty and minority bar associations, aligning with state Access to Justice Commission initiatives, and complementing self-represented litigant efforts).
- Using technology to streamline the process of matching, supporting, and training pro bono volunteers.

- Developing strategies to bring pro bono services to the locations and communities where clients reside or are accessing services (e.g., medical-legal partnerships, mobile or remote services for rural populations, or adopting a neighborhood), particularly for hard to reach populations.
- Developing quality controls and setting goals for timely, effective pro bono work. This can include technology solutions and/or innovative ways to provide more mentoring, training, and support for volunteers (e.g., designating experienced volunteers to mentor newer pro bono attorneys, developing process improvements to share resources through common data portals, and sharing case updates and files with shared case management systems).

## **II. Award Information**

### ***A. Available Funds***

A total of \$2,375,000 will be available for grant awards. Publication of this *Notice* does not obligate LSC to award any specific number of grants or to obligate the entire amount of funding available.

### ***B. Estimated Award Amounts***

LSC expects award amounts for the FY 2014 Pro Bono Innovation Fund grant will vary. LSC recommends a minimum \$50,000 request, but LSC will consider requests for lesser amounts. There is no maximum amount for Pro Bono Innovation Fund requests that are within the total funding available.

### ***C. Project Period***

The grant award will cover an 18- to 24- month project period. Applicants' projects, proposed goals and outcomes, and budget information should cover the full project period they are requesting. The project period is expected to commence in October 2014 once Applicants have been notified of award decisions and have submitted a signed grant agreement and assurances. See *Section VI: Award Administration Information* and *Appendix III: Purchases and Third-Party Contracts*.

### ***D. Funding Instrument***

The funding mechanism for the Pro Bono Innovation Fund is a grant.

## **III. LSC Requirements and Eligibility Information**

### ***A. LSC Requirements***

Pro Bono Innovation Fund grants are subject to all the requirements of the Legal Services Corporation Act of 1974 as amended (LSC Act), any applicable appropriations acts and any

other applicable law, rules, regulations, policies, guidelines, instructions, and other directives of including, but not limited to: [LSC Audit Guide for Recipients and Auditors](#), [the Accounting Guide for LSC Recipients \(2010 Edition\)](#), [the CSR Handbook \(2011 Edition\)](#), [the 1981 LSC Property Manual](#) (as amended), and [the Property Acquisition and Management Manual](#), with any amendments to the foregoing adopted before or during the period of the grant.

Pro Bono Innovation Funds will be subject to grant conditions similar to those in LSC's Technology Initiative Grant (TIG) program. See the TIG website's [compliance section](#) for more information and a copy of current *Grant Assurances*.

### ***B. Eligible Applicants***

To be eligible for Pro Bono Innovation Fund grants, Applicants must be current grantees of LSC grants for Basic Field-General, Basic Field-Migrant, or Basic Field-Native American funding.

### ***C. Project Partner Organizations***

Organizations and entities that are not current LSC grantees are not eligible to apply directly to LSC for Pro Bono Innovation Fund grants. Collaborations between LSC grantees and project partner organizations can strengthen pro bono delivery systems and avoid duplication of services, and are therefore encouraged.

Before submitting an application involving a third-party contract, Applicants should be familiar with [LSC's subgrant and transfer requirements at 45 C.F.R. Parts 1610 and 1627](#), particularly as they pertain to third-party contracts to conduct programmatic activities. Applicants considering subgrants should also note that LSC is in the process for [revising the Private Attorney Involvement provisions of 45 C.F.R. Part 1614](#) and expects to adopt a new rule in 2014 or early 2015. The new rule will affect the scope of the PAI transfer provision at 45 C.F.R. § 1610.7(c). Applicants are reminded that certain contracts and all subgrants require prior approval under 45 C.F.R. [Parts 1627 \(Subgrants\)](#) and [1630 \(Cost Standards\)](#).

Please see *Appendix III: Purchases and Third-Party Contracts* for more information on considerations when making formal arrangements with project partner organizations and other third parties.

Applicants must also consider arrangements with other organizations as part of their compliance with the program integrity requirements of [45 C.F.R. § 1610.8](#).

## **IV. Application and Submission Information**

### ***A. Application Deadline in LSC Grants Online Application System***

Applications for the fiscal year 2014 Pro Bono Innovation Fund grant program are due no later than **11:59 P.M. Eastern Time, Monday, June 30, 2014.**

See Section VI: Award Administration Information.

### ***B. Multiple Applications; One Project per Application***

LSC Grantees may submit multiple applications for Pro Bono Innovation Fund grants where the projects are discrete and not interdependent. A separate application with complete information is required for each project for which funding is sought.

### ***C. Submission in LSC Grants Online Application System***

Applicants must submit applications electronically via [the LSC Grants online application system](#). LSC will not accept applications or portions of applications by email or hard copy format. The online application for the Pro Bono Innovation Fund will be available on May 27, 2014. It will be accessible through the homepage after Applicants log into the system.

LSC recommends that Applicants start applications in the system at least three weeks before the deadline. We also recommend that Applicants draft their applications as word processing documents, then copy and paste the information into the LSC Grants online application system. Please allow time to reformat documents in the application system, as the page and character limits provided in this *Notice* are estimates and not exact. Also please note that the input fields in LSC Grants will only accept plain text formatting. Do not paste any formatted copy such as tables, bullets, or bold text. LSC will provide confirmation via email upon submission of each completed application. Please keep this email as verification that an application was submitted and received. If no confirmation email is received, please inquire about the status of your application at [probonoinnovation@lsc.gov](mailto:probonoinnovation@lsc.gov).

### ***D. Application Components***

Applications must be thorough and provide strong justification for receiving the requested funds. Reviewers will assess each application on the basis of the design of the proposed project, the Applicant's organizational capacity, and the cost-effectiveness and budget adequacy of the proposal. Completed applications must have the following components:

- *Pro Bono Innovation Application Form*
  - *Executive Summary*: Applicants will be asked to provide a concise one-paragraph description of the proposed project. The Executive Summary for successful applications will be published on the LSC website following grant awards.
- *Narrative*
  - *Project Design*
  - *Organizational Capacity and Project Staffing*
  - *Cost-Effectiveness and Budget Adequacy*
- *Budget Form*
- *Budget Narrative*
- *Appendices and Supporting Documentation*

***E. Character Limits for Narrative***

The total page limit for the *Narrative* portion of the application is 20 double-spaced pages or 42,000 characters in a standard word processing document. The *Budget Form*, *Budget Narrative*, and *Appendices* are not included in the page limit. The LSC Grants online application system will enforce character limits that are slightly different than those in word processing programs (by approximately 1 percent) and Applicants are strongly encouraged to allow enough time before the grant deadline to ensure the application *Narrative* sections fit within the character limits in the system.

***F. Late or Incomplete Applications***

LSC may consider an application after the deadline, but only if the Applicant has submitted an email to [probonoinnovation@lsc.gov](mailto:probonoinnovation@lsc.gov) explaining the circumstances that caused the delay. Communication with LSC staff, including assigned Program Liaisons, is not a substitute for sending an explanatory email to [probonoinnovation@lsc.gov](mailto:probonoinnovation@lsc.gov). At its discretion, LSC may consider incomplete applications. LSC will determine the admissibility of late or incomplete applications on a case-by-case basis.

**V. Application Questions, Review, and Selection Process**

***A. Selection Criteria and Application Questions***

Reviewers will assess the applications using the following Selection Criteria: Project Design, Organizational Capacity and Project Staffing, and Cost-Effectiveness and Budget Adequacy. All successful Applicants will demonstrate that their project(s) can accomplish LSC’s key goals of: addressing gaps in service to low-income clients; engaging more lawyers and other volunteers in pro bono service; and developing and implementing innovative and replicable solutions to persistent challenges in pro bono delivery systems.

The weights assigned to each category are detailed in the following chart. Reviewers will assess application narratives against these Selection Criteria and weigh them accordingly.

<b>Category</b>	<b>Percentage</b>	<b>Sub-Category</b>	<b>Percentage</b>
Project Design	60	Need Statement - client needs and current gaps in service	10
		Available Pro Bono Resources	10
		Goals, Objectives, and Activities	10
		Innovation(s) and Potential for Replication	15
		Proposed Performance Measures	15

Organizational Capacity and Project Staffing	25	Track Record on Pro Bono and Collaboration  Ability to provide project support, oversight, and capable leadership	10  15
Cost-Effectiveness and Budget Adequacy	15	Cost-Effectiveness and Budget Adequacy	15

Below are the *Narrative Questions* that will appear in the LSC Grants online application system. Also listed below are the reviewers' rating criteria for each question. In drafting responses to the *Narrative* questions, Applicants who are proposing to partner with third-parties, including by contract or subgrant, must provide an explanation and discussion of the partnership's role where relevant in the *Narrative*.

**Project Design (60%)**

**1. Need Statement:** Please provide a description of the client needs and gaps in service that this project seeks to address. Please also provide a statement that sets forth the challenge or inefficiency in the pro bono system that will be the focus of this project.

Reviewers will assess the extent to which the Applicant:

- Provides a clear description of client need and the current gap in service.
- Clearly demonstrates the need for the project by using available statistical information and other data to identify the gap(s) in services.
- Describes any current efforts (by the Applicant or other entities) that are related to the client needs and gaps in service, including an explanation why the Applicant and other service providers cannot meet the needs with current resources.
- Explains how the proposed project will address the needs identified.

**2. Available Pro Bono Resources:** Please provide your analysis of the pro bono capacity of the private bar and legal community in your area and, the volunteers you seek to target in your Pro Bono Innovation Project, and explain your strategy to target these volunteers.

Reviewers will assess the extent to which the Applicant:

- Provides analysis and information about the pro bono capacity of the legal community in Applicant's area, including trends and demographic shifts using available statistical information and other data.
- Provides context and information on the pro bono community in Applicant's service area.
- Clearly identifies the segment(s) of the bar or other volunteers who will be the focus of the project.

- Describes why the targeted volunteers are well situated to address the client need and gap in services, and demonstrates analysis of what will be needed to use those volunteers effectively.
- Makes connections to current demographic trends or new opportunities in the Applicant's local, state, or regional legal market (e.g., New York State Bar's pro bono admission requirement, focus on retiring and emeritus lawyers, new rules on limited scope representation or government lawyer pro bono, change in local legal community demographics such as an increasing presence of large law firms and legal departments, or a shift to more solo and small firm practitioners).

**3. Goals, Objectives, and Activities: Please describe the project goals and objectives and the specific project activities that are designed to meet gaps in service and engage more pro bono volunteers to meet the identified client needs.**

Reviewers will assess the extent to which the Applicant:

- Articulates the project's goals and objectives in clear, concrete, and measurable terms.
- Identifies the specific activities and strategies that will be implemented to achieve the goals and objectives.
- Describes the how the pro bono project addresses identified client need and gaps in service.

**4. Innovation(s) Proposed and Potential for Replication: Please describe the innovative and replicable strategies that the project will employ.**

Reviewers will assess the extent to which the Applicant:

- Clearly describes the innovative strategies being employed in the project, and specifies whether the project's approach is original or whether the project replicates or is based on a new application of an effective practice or successful model.
- Articulates how the proposed project's innovations will address the current challenge, problem, or inefficiency in the pro bono system described in the Need Statement.
- Demonstrates that current practices or solutions to address the challenge have not proven to be adequate, are not achieving outcomes at scale, or are too slow to respond to client needs and/or volunteer potential.
- If proposing an effective practice within a new or different context, Applicant provides example(s) of past successful efforts and models upon which the proposed project is based.
- Illustrates the degree to which the challenges or problem in the pro bono delivery system being addressed is commonly found in the legal services community.
- Makes the case for potential replication and adaptation, based on considerations such as cost and complexity of the strategies employed in the project.

**5. Proposed Performance Measures: Please identify specific, measurable outcomes that the project proposes to accomplish in the proposed timeframe.**

Reviewers will assess the extent to which the Applicant:

- Clearly identifies specific measurable outcomes that will be achieved through the proposed project.
- Identifies outcomes that are aligned with the key goals of the Pro Bono Innovation Fund.
- Specifies the outcome measures, evaluation methods, and data sets that will be used to assess and demonstrate the project's achievements.
- Provides an appropriate list of characteristics the Applicant will use to assess the progress and outcomes as a result of the project activities.
- Describes a reasonable evaluation plan to ensure the needed data are obtained and compiled over the grant period.
- Describes how the results achieved will be reported to LSC.

### **Organizational Capacity (25%)**

**1. Track Record on Pro Bono and Collaborative Efforts: Please provide an overview of Applicant's success in collaborative and pro bono efforts, including specific and recent examples indicating the dates/years the partnerships and collaborations were in effect.**

Reviewers will assess the extent to which the Applicant:

- Demonstrates a track record of success with pro bono and private attorney involvement efforts.
- Demonstrates a history of partnerships and collaboration with community stakeholders.
- Demonstrates sufficient oversight of existing LSC-funded private attorney involvement relationships, both from a fiscal and a regulatory compliance perspective.

**2. Ability to Provide Project Support, Oversight, and Capable Leadership: Please describe Applicant's capacity to set and implement goals and provide programmatic and financial oversight of this project. The response should include relevant information about the key staff who will be responsible for the project.**

Reviewers will assess the extent to which the Applicant:

- Describes experience operating and providing oversight to successful programs or projects comparable to the one being proposed, including specific examples of prior accomplishments and outcomes in these efforts.
- Describes a staffing plan that engages staff members with sufficient capacity and experience to be effective and compliant with programmatic and fiscal requirements.
- Presents a qualified roster of staff members that have the experience and capacity to effectively implement the proposed project. This includes the involvement of senior management and board members.
- Describes a commitment to develop strategies to sustain the project beyond the proposed grant term.

- For projects that include contracts or subgranting funds to another organization, describes experience monitoring contractors or subgrantees for compliance with regulatory, fiscal, and programmatic requirements.

### **Cost-Effectiveness and Budget Adequacy (15%)**

**1. Budget Justification: Please provide a brief statement to supplement the *Budget* and *Budget Narrative* that describes how the project budget, including other sources of support, will advance the desired goals, objectives, and activities being proposed.**

Reviewers will assess the extent to which the Applicant:

- Proposes a reasonable and justifiable budget consistent with the proposed goals and objectives of the project.
- Presents a budget adequate to successfully support the project activities.
- Provides clear detail and adequate narrative that demonstrates the relationship of budgeted items to project activities.
- Demonstrates past success in managing LSC grant funds and complying with LSC fiscal requirements and guidelines.

Please see *Appendix I: Budget Instructions* for more information on eligible costs and completing proposed project budgets.

### ***B. Appendices and Supporting Documentation***

In addition to the *Narrative*, up to 30 total pages may be submitted to support the project proposal.<sup>1</sup> The Appendices must include the résumés of key staff responsible for the proposed project. Appendices may also include documents such as maps, relevant data and statistical information, letters of commitment from key partners, and letters of support from community stakeholders. This may also include information on past projects and credentials of partners and other entities involved in the project. Letters of commitment to the project from any key partner whose participation is necessary for the completion of the project are required.

### ***C. Additional Balancing Characteristics Considered During Review Process***

In selecting Applicants to receive awards under this *Notice*, LSC will assess the *Selection Criteria* listed above but will also take into account balancing criteria, such as geographic location, types of approaches, and available funding.

### ***D. Review and Selection Process***

#### **1. Selection Factors**

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<sup>1</sup> Uploads are limited to file extension types of .doc, .docx, .xls, .xlsx, .pdf, and .rtf only. Any portion of the application that exceeds the specified page limits will not be reviewed.

The assessment of applications involves a wide range of considerations. The review and selection process is designed to identify outstanding applications that demonstrate high alignment with the *Selection Criteria*, alignment with the key goals of the Pro Bono Innovation Fund, and an excellent track record of administrative operations and programmatic success. The process is also designed to achieve a balanced portfolio of the following characteristics: geographic representation, types of client needs addressed, types of pro bono volunteers, and innovative and replicable models.

LSC will engage external experts and internal (staff) reviewers with relevant knowledge and expertise in innovation, pro bono, legal aid delivery systems, and the justice stakeholder community to evaluate eligible applications.

## **2. Phases in the Review and Selection Process**

**Phase I - Eligibility Review.** LSC staff will review all applications to determine compliance with the eligibility requirements identified in *Section II: Eligibility Information* and in *Section IV: Application and Submission Information*. The eligibility review does not include reading the entire application. Applications that do not meet all eligibility criteria will not be considered for *Programmatic Review*.

**Phase II - Expert and Programmatic Review.** External experts and internal reviewers (staff) will assess the application based on the Program Design, Organizational Capacity, and Budget Adequacy and Cost Effectiveness selection criteria. Each application will be reviewed by at least three reviewers. External experts will be recruited based on their demonstrated expertise in pro bono, innovation, nonprofit management, and legal services delivery systems. All reviewers will be screened for conflicts of interest.

**Phase III - Quality Control Review.** After all reviewers complete their assessments, LSC staff will review and organize the results for fairness and consistency.

**Phase IV - Risk Assessment.** LSC staff will evaluate the risks to the Pro Bono Innovation Fund posed by each Applicant, including conducting due diligence to ensure an Applicant's ability to manage grant funds, including any past LSC history of fiscal concerns. This evaluation is in addition to the Applicant's eligibility and the quality of its application, and results from this assessment will inform funding decisions. In evaluating risk, LSC may consider any relevant information relating to the Applicant, including: past or present special grant conditions, LSC compliance reviews, fiscal reviews, quality reviews, self-inspection, basic field grant applications, audited financial statements, CSR data, PAI and/or Fund Balance waivers, record in managing TIG and Disaster Relief grants, audits and investigations, and overall timeliness and completion of LSC-required reports and grant applications.

LSC may also consider an Applicant's financial stability; ability to effectively implement statutory, regulatory, and other requirement imposed on grant recipients; reports and findings from financial audits; quality management systems; IRS Form 990; annual report; and publically available information including information from the Applicant's website.

**Phase V - Clarification Process.** At this stage, some Applicants will receive requests to provide clarifying information regarding their proposal. A request for clarification does not guarantee a grant award. Applicants should be prepared to provide supporting documentation described in the *Narrative*. Applications should contain all the necessary information when submitted. LSC may make decisions based only on the information submitted and will request clarifying information at its discretion.

**Phase VI - Program Staff Recommendation.** LSC staff will recommend applications for selection based on the results of the *Programmatic Review, Quality Control Review, Risk Assessment, Applicant Clarifications*, and the goals and selection factors stated in this *Notice*.

**Phase VII - Selection for Funding.** The LSC President will make final awards based on his assessment of the applications, the staff recommendations, the selection criteria, and achieving a balanced portfolio of grants.

### **3. Anticipated Announcement and Award Dates**

LSC will announce the results of this competition between ***September 14 – 16, 2014***. Successful Applicants will receive an official notification that their application was selected for an award. This notification is not an authorization to begin grant activities. The Notice of Grant Award, signed by the LSC President or his designee, is the authorizing document for grant activities, and will be sent at a later date. Grantees whose applications were not selected for funding will also receive separate notification.

## **VI. Award Administration Information**

### ***A. Award Notices***

#### **1. Activities Prior to Award or Negotiated Starting Dates**

Applicants are hereby notified that there is no obligation on the part of LSC to cover pre-award costs out of a Pro Bono Innovation Fund grant. If an Applicant incurs any project costs prior to the project start date negotiated at the time of award, it does so solely at its own risk.

#### **2. No Credit Towards 12.5% Private Attorney Involvement Requirement**

Pro Bono Innovation Fund grant awards may not substitute for, or be credited against, LSC's longstanding regulatory requirement that LSC grantees spend an amount equivalent to 12.5 percent of their annualized basic field award to involve private attorneys in the delivery of legal assistance to eligible clients. See 45 C.F.R. § 1614.1(a).

#### **3. No Obligation for Future Funding**

If an application is selected for funding, LSC has no obligation to provide any additional future funding in connection with that award. Renewal of an award to increase funding or extend the period of performance is at the sole discretion of LSC.

#### **4. False Statements**

A false statement on an application is grounds for denial or termination of funds and grounds for possible punishment by a fine or imprisonment as provided in 18 U.S.C. § 1001.

#### **5. Applicable Law**

All grants made pursuant to this solicitation will be subject to the LSC Act of 1974, as amended, applicable appropriations acts, any other laws affecting LSC funds or LSC grantees, and all lawful requirements of the rules, regulations, policies, guidelines, instructions, and other directives of LSC (LSC Laws, Rules and Regulations). Any amendments to or other applicable LSC Laws, Rules and Regulations adopted during the period of this grant shall also apply.

The LSC Act as amended, can be found at 42 U.S.C. § 2996 *et seq.* Public Law 113-76 (2013), contains the FY 2014 LSC appropriation. The terms of the FY 2014 appropriation incorporate most of the restrictions imposed on grantees of LSC funds by Public Law 105-119 and Public Law 104-134, the FY 1998 and FY 1996 LSC appropriations. Some of those restrictions have been modified by other laws, most of which are addressed in the revised regulations and/or in LSC program letters. The LSC regulations can be found at 45 C.F.R. Part 1600 *et seq.* Please see the Federal Register for regulations that have been revised or promulgated since the last publication of the Code of Federal Regulations. The LSC Laws, Rules and Regulations, including program letters and other policies and guidelines, can be found on [LSC's website](#) and are available by contacting LSC directly.

#### **6. Federal Policies and Procedures**

Grantees and sub-grantees are subject to all provisions of Federal law relating to the proper use of Federal funds listed in 45 C.F.R. § 1640.2(a) (1). The Applicant understands that if it violates any Federal laws identified in 45 C.F.R. Part 1640, it may be subject to civil, criminal and/or administrative penalties. Grantees and subgrantees are also obligated to inform employees and board members of the Federal laws and their consequences both to the grantee or subgrantee and to themselves as individuals as required in 45 C.F.R. § 1640.3.

#### **7. Waiver Authority**

Under extraordinary circumstances and when it is in the interest of the eligible client community, LSC, upon its own initiative or when requested, may waive provisions in this *Notice* at its sole discretion. Waivers may be granted only for requirements that are discretionary and not mandated by statute or regulation. Waiver requests must be

submitted by email to [probonoinnovation@lsc.gov](mailto:probonoinnovation@lsc.gov) and must set forth the extraordinary circumstances for the request. Please see *Section VII: LSC Contacts*.

### **8. Freedom of Information Act**

LSC may receive requests for copies of applications submitted to it. Applicants are hereby notified that the applications they submit are subject to the Freedom of Information Act. For guidance on the availability of information submitted by any Applicant, see LSC's Freedom of Information Act Regulation, 45 C.F.R. Part 1602. To assist LSC in making disclosure determinations, Applicants may identify sensitive information and label it "confidential."

### **9. Conflicts of Interest**

Applicants must indicate whether the proposed project raises any actual or potential conflicts of interest. Grantees will be required to identify and resolve actual, apparent, or potential conflicts of interest, including updating prior information, at any time that they are discovered, even after payments to third parties are provided. Generally, grantees should identify and resolve possible conflicts prior to entering into negotiations with a third-party.

## ***B. Reporting Requirements and Performance Measures***

Pro Bono Innovation Fund grantees will be required to use performance measures to assess the progress of their projects. Grantees should expect to work with LSC to finalize the expected performance measures they will use, which may include some standardized measures related to the LSC's key goals for the Pro Bono Innovation Fund.

If the grant is awarded, the project goals, objectives, and activities will be agreed upon by LSC and the grantee, then included as part of the grant award package. Interim payments will be made based on bi-annual narrative reports showing progress toward achieving project goals and objectives. The final payment will be made after the final report and final financial report is submitted and approved for the grant closeout.

## ***C. Payment Schedule and Continued Funding***

Applicants should plan for the project to have two fixed payments (initial and final) and an interim payment(s) for each six months of the grant term. If the grant is awarded, the initial payment will be made shortly after the grant acceptance letter is returned to LSC. Following the initial payment, payments will be scheduled at six month intervals of the project term, with the final payment to be made upon approval of the project final report and final financial report. For example, for an 18 month grant of \$100,000, there could be an initial payment of \$40,000, a second payment of \$20,000 on approval of the six-month report, \$20,000 on approval of the 12-month report, and \$20,000 on approval of the final reports. Please note that payments may be withheld due to insufficient progress or reporting.

Continued funding is contingent upon satisfactory progress and compliance. For all projects, grantees must demonstrate satisfactory performance with respect to key program goals and requirements in their reports, as well as compliance with the terms and conditions of the grant in order to ensure continued funding.

***D. Eligible Costs, Third-Party Contracts, Subgrants, and Transfers***

Please see the *Appendices* to this *Notice* for information on Eligible Costs and Third-Party Contracts, Subgrants, and Transfers.

**VII. LSC Contacts**

This *Notice* will be available online at [www.lsc.gov](http://www.lsc.gov)

For more information or to reach a member of the Pro Bono Innovation Team, please send an email to [probonoinnovation@lsc.gov](mailto:probonoinnovation@lsc.gov).

For technical questions or issues with the LSC Grants online application system, please send an email to [techsupport@lsc.gov](mailto:techsupport@lsc.gov).

**VIII. Other Information**

***A. Technical Assistance***

LSC will host technical assistance webinars and/or workshops to answer questions about the funding opportunity, compliance and regulatory issues, and the overall application process and strongly encourages all Applicants to participate in these sessions. The schedule of calls and call-in information will be posted on LSC's website and/or sent to LSC grantees via email.

## **Appendix I: Budget Instructions**

The proposed budget should be sufficient to allow the Applicant to perform the activities described in the *Narrative* and provide a full explanation of costs and their purpose, justification, and the basis of Applicant's calculations. Reviewers will consider the information provided in the budget as part of their assessment of the *Cost Effectiveness and Budget Adequacy* criteria.

Applicants must submit a proposed budget that includes the proposed Pro Bono Innovation Fund's share of the project and other sources of support. If an Applicant is selected for a Pro Bono Innovation Fund grant, LSC will determine the final amount of LSC funds and will negotiate the final budgets with Awardees.

### **I. Eligible Costs**

LSC will allow costs that are directly related to the project, subject to 45 CFR Part 1630, *Cost Standards and Procedures*. This includes costs for: personnel; fringe benefits; purchase or rental of computer hardware, software, and other end-user equipment; telecommunication services and related equipment; consultants and other contractual services; travel; and supplies. All costs must be reasonable and directly related to the project. *Please note that all costs for the proposed project must be captured through line items provided as there is no general "administrative cost" line item and indirect costs will not be approved.* In addition, all of the Part 1630 requirements, including obtaining prior approvals, must be complied with. The award of a grant does not constitute a prior approval unless it specifically states otherwise.

### **II. Budget Form**

The *Budget Form* is available in the [LSC Grants online application system](#). There are three budget categories: *Personnel Expenses*, *Project Expenses*, and *Third-Party Contracts*. Within these categories in the *Budget Form*, there are a total of twelve budget line items available to be filled-in.

The *Budget Form* allows Applicants to indicate who is contributing to each of the twelve budget items in columns for (A) the amount requested from LSC for this grant, (B) the Applicant's contributions, (C) cash contributions from other partners, (D) the value of in-kind contributions from other partners. The last column, (E) provides the total of columns (A) - (D), automatically tabulated in the *Budget Form* in the LSC Grants online application system.

Each line in the *Budget Form* also provides the total for that category. For example, item 2b is for the total costs for *Equipment* purchases or rental. If the project plans to make several different equipment purchases, the total is provided in the *Budget Form* and the *Budget Narrative*, will set out the itemized description, purpose, and equation for each item. The *Budget Form* is the aggregate amount and the *Budget Narrative* is itemized and detailed.

Below is the *Budget Form* that will be completed in the LSC Grants online application system:

		A	B	C	D	E
		Pro Bono Innovation Fund Share	Applicant Share	Cash Support from Other Partners	In-Kind Support from Other Partners	Total Columns A through D
<b>1. Personnel Expenses</b>	a. Salaries/Wages					
	b. Fringe Benefits					
	<i>Subtotal Personnel Expenses</i>					
<b>2. Project Expenses</b>	a. Travel					
	b. Equipment					
	c. Software					
	d. Supplies					
	e. Communication					
	f. Training					
	g. Evaluation					
	h. Other					
	<i>Subtotal Project Expenses</i>					
<b>3. Third-Party Contracts</b>	a. Contract					
	b. Subgrant					
	<i>Subtotal Third-Party Contracts</i>					
<b>TOTALS</b>						
Percentage of Total Project						

### III. Budget Narrative

The *Budget Narrative* expands on the budget items listed in the *Budget Form* and will be a separate upload in the LSC Grants online application system. The *Budget Narrative Template* is provided in *Appendix II*. This is where Applicants detail proposed expenditures in relation to the project activities and timetable. If the term of the project is for 24 months, please give the proposed expenditures for this time period in the narrative.

In the *Budget Narrative*, Applicants are asked to fully explain each budget item, including descriptions and specific costs. The budget must be reasonable for the tasks proposed, and the relationship of items in the budget to the *Project Narrative*, especially the project goals, objectives, and activities, should be clearly defined and communicated to allow for effective evaluation of the project.

When the grant award is made, unless it is modified by agreement with LSC, the Applicant is committed to the budget submitted in the application, including contributions from the Applicant, and from other partners. Be sure that the anticipated additional resources are realistic. Grantees may need to change their budgets during the course of the project and these Pro Bono Innovation Fund budget changes may require LSC approval.

#### **IV. Description of Budget Line Items**

*1a. Salaries and Wages:* Include the salary or wages of personnel who will staff or have responsibilities for the proposed Pro Bono Innovation Fund project, indicating the share that will be attributable to this grant, the Applicant, or another partner. Each staff person included in the budget must be described in both the application *Narrative* and in the *Budget Narrative*. Individuals or personnel from other organizations with whom the Applicant is planning to contract or subgrant will have their information listed separately in the appropriate *Contract* or *Subgrant* budget line and in a *Third-Party Contracting Form*. This requirement applies to all project-related contracts and subgrants and not only ones funded directly by the grant.

*1b. Fringe Benefits:* Include cost of benefit(s) for the project staff. In the *Budget Narrative*, Applicants will identify the fringe benefit rate and the benefit cost for each project staff position. Allowable fringe benefits typically include FICA, Worker's Compensation, Retirement, SUTA, Health and Life Insurance, IRA, and 401K or 403(b). Applicants may provide a calculation for total benefits as a percentage of the salaries to which they apply or list each benefit as a separate item. If the total fringe benefit amount is over 35% of the staff person's salary, Applicants must list the covered items separately and justify the cost. Holidays, leave, and other similar vacation benefits are not included in the fringe benefit rates, but are absorbed into the personnel expenses (salary) budget line item.

*2a. Travel:* Include costs for project staff travel that is directly related to the project. Allowable costs are transportation, lodging, subsistence, and other related expenses. In the *Budget Narrative*, please provide a calculation that includes itemized costs for airfare, transportation, lodging, per diem, and other travel-related expenses multiplied by the number of trips and project staff per trip. Where applicable, identify the current standard reimbursement rate(s) of the organization for mileage, daily per diem, and similar supporting information. Reimbursement should not exceed the federal mileage rate unless as a result of Applicant policy and justified in the *Budget Narrative*. Only domestic travel is allowable.

*2b. Equipment:* Equipment is defined as tangible, non-expendable personal property having a useful life of more than one year. In the *Budget Narrative*, if applicable, please show the unit cost and number of units you are requesting. Applicants will also be asked to provide a brief justification for the purchase or rental of the equipment under Item/Purpose. Applicants may be asked to provide further explanation of equipment costs that exceed 10% of the total LSC funds requested.

*2c. Software:* Software can include the purchase of off-the-shelf software that is directly related to the project. It can also include subscriptions, user licenses, or add-on modules for existing software necessary for the proposed Pro Bono Innovation Fund project.

*2d. Supplies:* Include the funds necessary for the purchase of consumable supplies and materials. In the *Budget Narrative*, Applicants should provide a list of the types of supplies that will be necessary for the project with a calculation for cost determinations.

*2e. Communication:* Include the costs necessary to maintain communications and connectivity for the project, and to market and promote the project to clients and volunteers. This can include web content development, use of social media, promotional materials, translation services, and advertising. It can also include data charges or plans necessary to maintain communications for the project.

*2f. Training:* Include the costs associated with training staff on project requirements or to enhance the skills staff need for effective project implementation. These costs can also include the expenses associated with training pro bono volunteers including materials, meeting space fees, and incidentals.

*2g. Evaluation:* Include costs for project evaluation activities, including additional staff time, use of evaluation consultants, purchase of instrumentation, and other costs

*2h. Other:* Include and explain any other project-related costs not otherwise captured in the categories above.

*3a. Contracts:* Include costs for third-party contracts to provide services related to the project's operations and that are not subgrants for programmatic activities. This can include contracts to: provide software coding for new online templates, provide project management support in technology implementation efforts, conduct technical training, conduct surveys, provide graphic design or user interface services, or conduct web or software development work. In the LSC Grants online application system, Applicants with expenses listed under *Contracts* will be asked to complete an online *Third-Party Contract Form* for *each* entity with whom Applicants seek to contract. In the form and where applicable, please indicate the hourly rate for contractors. See *Appendix III: Purchases and Third-Party Contracts* for more information.

*3b. Subgrants:* Include costs for third-parties to engage in programmatic activities that the grantee would otherwise be expected to carry out in furtherance of the project goals and activities. This can include subgrants towards third-party personnel to conduct intake, place cases, recruit and train volunteers, or develop substantive content in any format for the eligible client population or pro bono volunteers. In the LSC Grants online application system, Applicants with expenses listed under *Subgrants* will be asked to complete an online *Third-Party Contract Form* for each entity with whom Applicants seek to subgrant funds, detailing the nature of the services to be provided and an explanation of the associated costs. See *Appendix III. Purchases and Third-Party Contracts*.

## **V. Discounts**

The value of products or services must reflect the fully discounted price to the Applicant. For instance, if there is a 70% discount on computer equipment, then the value of the equipment should appear in the budget as the actual amount paid (i.e., 30% of the undiscounted price of the computer equipment).

## **VI. Reporting on Expenditure of Funds**

The Applicant should include a statement of the methods that it will adopt and the records that it will keep to track and identify the source and application of the grant funds. These methods should include separate reporting of the grant funds by line item in the annual audit and recordkeeping to track all time and costs charged to this grant separate from other funds. See [LSC's Accounting Guide for LSC Recipients](#), 2010 Edition, for guidance on financial accounting and reporting standards.

## **VII. Prior Approval for Property Acquisition**

The provisions of [45 CFR § 1630.5](#), requiring prior approval to use LSC funds to purchase any individual item or a group of related items over \$10,000 in value, apply to Pro Bono Innovation Fund grants. In order to expedite purchases after the grant award, Applicants may indicate in their *Budget Narrative* where there are anticipated purchases that will require prior approval once the grant award is made. Applicants anticipating purchases over \$10,000 should also review the procedures for requesting prior approval which can be found in Section 3 of the [LSC Property Acquisition and Management Manual \(PAMM\)](#). For questions about this process, please contact Megan Lacchini, Special Assistant to the Director, LSC Office of Compliance and Enforcement, Telephone: 202.295.1506; Email: [lacchinim@lsc.gov](mailto:lacchinim@lsc.gov).

## Appendix II: Budget Narrative Template

### 1a. Personnel: Salary and Wages

i. In the table below, please provide the following detail for each *project staff person for whom the Applicant is requesting LSC Pro Bono Innovation Funds*. List each individual separately with his/her title, annual salary, the percentage of time that will apply to the grant, and the Pro Bono Innovation Fund, Applicant and Other Partner(s) shares.

Position Title	Annual Salary	% Time	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL
Example: Pro Bono Project Director	\$60,000	40%	\$22,000	\$2,000	\$0	\$0	\$24,000

ii. Please provide a brief statement of the project responsibilities of the listed staff members.

iii. For project staff included in the *Budget Form* and for whom LSC Pro Bono Innovation Funds are not being requested, please provide a brief explanation of the amounts included and the project responsibilities of these individuals.

### 1b. Personnel: Fringe Benefits

i. In the table below, please provide the following detail for each *project staff person for whom the Applicant is requesting Pro Bono Innovation Funds*. Applicants may assume a flat benefit rate that is consistent with the overall rate in the Applicant organization.

Position Title	Benefit Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL
Example : Project Director	1 person @ \$60,000/annual x 30% (flat benefit rate) + 7.65% (employer	\$8,132	\$904	\$0	\$0	\$9,036

	paid FICA) x 40% usage					

ii. For benefit rates charged to the LSC share that exceed 35%, please provide a list of benefits included and the justification for the higher rate.

iii. For project staff included in the *Budget Form* and for whom LSC Pro Bono Innovation Funds are not being requested, please provide a brief explanation of the amounts included.

2a. Project Expense: Travel

i. Please provide a list of anticipated travel.

Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL
Example: State Bar Meeting	The project director will attend the annual state bar conference: 780 miles RT x .40/mile + \$150 lodging + \$35 per diem x two days = \$532  Conference fee of \$300 waived by State Bar	\$532	\$0	\$0	\$300	\$832

ii. Please provide a brief description and justification for the travel items listed above.

2b. Project Expense: Equipment

i. Please provide the following detail for equipment necessary for the project.

Item/Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL
Example: Tablet computers	(3) tablets x \$500 each = \$1,500	\$1000	\$500	\$0	\$0	\$1500

ii. Please provide a brief description and justification for the equipment listed above.

2c. Project Expense: Software

i. Please provide the following detail for software necessary for the project.

Item/Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL

ii. Please provide a brief description and justification for the software costs listed above.

2d. Project Expense: Supplies

i. Please provide the following detail for supplies necessary for the project.

Item/Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL

ii. Please provide a brief description and justification for the software costs listed above.

2e. Project Expense: Communication

i. Please provide the following detail for communication costs necessary for the project.

Item/Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL

ii. Please provide a brief description and justification for the communication costs listed above.

2f. Project Expense: Training

i. Please provide the following detail for trainings related-to or required for the project or for the project staff to accomplish the goals and activities of the project.

Item/Purpose	Calculation	Pro Bono Innovation Fund Share	Applicant Share	Cash from Other Partner(s)	In-Kind from Other Partner(s)	TOTAL

i. Please provide a brief description and justification for the training costs listed above.

2g. Project Expense: Evaluation

i. Please provide a brief description and justification for evaluation expenses.

2h. Project Expense: Other

i. Please include and explain any other project-related costs not otherwise captured in the categories above.

3a. Third-Party Contract: Contracts

For costs associated with *Contracts*, please complete the *Third-Party Contracting Form* in the LSC Grants online application system.

### 3b. Third-Party Contract: Subgrants

For costs associated with *Subgrants*, please complete the *Third-Party Contracting Form* in the LSC grants online application system. Completion of the *Third-Party Contracting Form* does not substitute for the Applicant submitting a mandatory subgrant prior-approval application in the LSC Grants online application system after the grant award decision has been made.

## **Appendix III: Purchases and Third-Party Contracts**

LSC encourages Applicants to work with other access to justice partners on projects and realizes that for many projects, grantees will need to formally contract with third parties to accomplish the goals of the proposed project. Such partnerships, subgrants, and contracts can raise special issues and be subject to certain LSC regulations and procedures. Grantees should be familiar with these and take them into account during the design and planning of the project.

**Subgrants:** All Pro Bono Innovation Fund grants are subject to [45 C.F.R. Parts 1610 and 1627](#) regarding transfers and subgrants. Applicants should review [LSC Program Letter 10-3](#) for an explanation of these requirements to ensure compliance with these regulations.

The general rule under 45 C.F.R. § 1610.7(a) is that transfers/subgrants of LSC funds apply the LSC restrictions to both the LSC and non-LSC funds of the subgrantee in the same manner as they apply to the primary grantee (subject to modifications on priorities and timekeeping provided at section 1610.7(b)).

Nonetheless, section 1610.7(c) addresses transfers/subgrants that are “for the sole purpose of funding private attorney involvement activities (PAI) pursuant to 45 CFR part 1614” and provides a limited exception to the general rule. For these transfers, the LSC restrictions apply only to the subgrant funds and the LSC restrictions do not apply to the other funds of the subgrantee.

Although Pro Bono Innovation Fund grants are not eligible for allocation to a grantee’s 12.5% PAI requirement under Part 1614, Pro Bono Innovation Fund subgrants may qualify for the section 1610.7(c) exception if they meet two requirements:

- 1) The subgrant is for activities that meet the substantive requirements of Part 1614.
- 2) The subgrant is for those activities only (and not for any other activities that do not meet the substantive requirements of Part 1614).

**Proposed new rule for 45 C.F.R § 1614:** Please note that this subgrant rule is based on the provisions of Part 1614 in effect at the time of the subgrant activities. LSC has commenced a process for revising Part 1614 and expects to adopt a new rule in 2014 or early 2015. Nonetheless, the provisions of the new rule will not apply to 1610.7(c) until the effective date of the new rule.

Pro Bono Innovation Fund grant activities are not limited by Part 1614 and may include otherwise eligible programmatic activities that do not meet the requirements of the current Part 1614. Pro Bono Innovation Fund subgrant-funded activities that are limited to Part 1614 activities will qualify for the section 1610.7(c) exception. Pro Bono Innovation Fund subgrants that include activities that do not meet the requirements of Part 1614 will not qualify for the section 1610.7(c) exception.

If LSC adopts a new Part 1614 during the performance period of a FY 2014 Pro Bono Innovation Fund grant, then the new scope of Part 1614 will apply to all subgrant activities as of the effective date of the new rule. Grantees with affected subgrants should coordinate with LSC regarding ongoing compliance and changes to the scope of the subgrants, if any, that are permitted or required by the rule change.

**Contracts:** As noted in the *Eligible Costs* section of *Appendix I*, all of the Part 1630 requirements, including obtaining prior approvals, must be complied with. The award of a grant does not constitute a prior approval unless it specifically states otherwise. Although applicants can propose a particular third-party contractor, approval of a Pro Bono Innovation Fund application does not imply LSC approval of any specific contractor for the project; all procurement transactions must be conducted in a manner to provide, to the maximum extent practical, open and free competition, and all third-party expenditures, regardless of cost, must be appropriately documented.

Two other considerations when dealing with contracts in connection with a Pro Bono Innovation Fund project are:

1. **Competition in contracts for services:** When a grantee expends more than \$3,500 of Pro Bono Innovation Funds on a single contract for goods provided or services to be performed by a third-party that is not otherwise subject to the LSC Property Acquisition and Management Manual, the grantee will: (a) solicit bids from a minimum of three providers; if it is necessary to award a contract on the basis of fewer than three responses or to purchase from a "Sole Source" due to technical or quality requirements, organizational or personnel expertise, knowledge of the program, the lack of dependable vendors or when there is an emergency, the reasons for this shall be documented; (b) maintain documentation for LSC review, including: the solicitation and receipt of bids or sole-source justification; the reason for selection of a contractor; senior management approval of contractor selection and any sole source justification; the terms and conditions of the agreement; and all payments, adjustments and credits; (c) provide a copy of the contract to LSC with the payment request for the period in which the contract was executed (submission of the contract and the resulting LSC payment do not constitute LSC approval of the contracting process); and (d) ensure the proper expenditure, accounting for, and audit of the contracted funds.
2. **Administrative plans:** LSC requires administrative plans for grants where significant portions of the project management are contracted out to third parties. This might occur if the project proposes a technology-based project management contract or a project management contract to a significant partner and is not intended to apply where the contracts are primarily for hardware, software, or technical development work. Applicants planning to contract project management services will be asked to work with LSC staff to submit and have approved by LSC an administrative plan that clearly outlines the grantee's duties and responsibilities for financial oversight and audits, project

management, contract coordination, evaluation, and reporting. When the grantee is receiving part of the grant as a fee for this administration, the plan will detail who will exercise these duties for the grantee and how the fee was calculated.