

■ Request for Proposals

Economic Security Strategy:
Anti-Payday Lending Policy Advocacy

Introduction

Silicon Valley Community Foundation is a catalyst and leader for innovative solutions to our region's most challenging problems. One of these problems – predatory payday lending – is addressed through our economic security strategy. To better understand our goals and objectives for this strategy, we encourage you to read the community foundation's research paper on the topic at <http://www.siliconvalleycf.org/grantmaking-strategies/pdf/research-paper-asset-building.pdf>.

Responses to this RFP are due by 5 p.m. on Wednesday, January 5, 2011. In order to be fair to all applicants, there will be no exceptions to the deadline for late proposals.

Problem Statement

Silicon Valley has not been immune from the home mortgage crisis and economic downturn that have affected the nation since late 2007. As the housing crisis and general economic conditions in our region worsened during 2008, the community foundation determined that support for financial education and asset-building activities would fill a critical need and constitute an effective intervention by the community foundation. Asset building requires financial education, the availability of affordable financial products and services, protective public policies and public awareness of the availability and value of these products and services. All of these elements are key, particularly for low-income families who are cash-strapped and have little cushion for emergencies such as a health crisis or job loss. Building and preserving assets enable families to have more options in life and to pass on opportunities to future generations.

During the past decade, an increasingly complex financial landscape (e.g., “exotic” home mortgage loans and proliferating credit card offerings and savings products) has grown up alongside a slightly older check cashing/payday loan industry that has targeted low-income communities of color whose residents have lacked access to small amounts of credit, bank check cashing and other affordable financial services. Starting in the 1990s, payday lending began in California as an extension of the burgeoning check cashing industry. The result has been an enormous drain on the available income of individuals who pay an average annual percentage rate, also known as APR, of more than 400%¹ for a 14-day loan. It also has led many to become trapped in a circle of debt—individuals take out successive payday loans they are unable to pay back because of a chronic shortage of cash to cover basic living expenses. This situation is likely being exacerbated by cutbacks in the work hours of low-wage earners who are the primary consumers of payday loans and who have been hit hard by the economic recession. The situation is even more worrisome in the context of this nation’s high consumer debt and low personal savings indices—even with the recent uptick in the latter.

In our two-county region, there are wide disparities between those who enjoy financial well-being and those who do not. Specifically, one in five San Mateo and Santa Clara County residents is asset poor—they do not have enough cash reserves or equity in their home or business to meet basic needs for three months during a period of joblessness, health emergency, divorce or other unexpected financial hardship. Low-skilled communities of color, particularly first- and second-generation immigrants, are likely to be disproportionately represented in this category. These same individuals are often targeted by payday loan lending establishments and they can not afford to see their earnings depleted by predatory lending practices that include excessive interest rates, high bounced check fees and other negative features.

Alternatives to payday loans do exist, but these products are not as abundant, convenient or well-known to the public. We hope that by informing the general public and public officials at all levels of government we will build greater understanding of the corrosive economic effects of payday lending and support for public policies to curb the practice. We expect these efforts will also help mitigate the abuses and lay a stronger foundation for economic well-being here in Silicon Valley.

1. As noted in Leslie Cook, Kyra Kazantzis and Melissa Morris's Report on the Status of Payday Lending in California, Public Interest Law Firm, a program of Law Foundation of Silicon Valley (page 2). Original citation from California Department of Corporations, "Report to the Governor and the Legislature: California Deferred Deposit Transaction Law" (December 2007).

Program Goal

The goal of the community foundation for this strategy is to curb the predatory lending practices of payday lenders in order to improve the economic well-being of households in the two-county region. We hope to support local efforts that seek to restrict the establishment of payday lending stores and inhibit the financing of payday loans and lending operations. In the long-term we seek to contribute to state level reform by supporting advocacy efforts aimed at passage of a cap on payday loan interest or other measures to reduce predatory consumer lending practices. We also want to foster dialogue on how to increase responsible small dollar loan options for low-income consumers that could serve as alternatives to payday loans.

Under this RFP the community foundation will support two strategies. The first strategy seeks to raise the awareness of key stakeholders and the public concerning the negative effects of predatory payday lending on household financial health and mobilize public support around the issue. It also seeks to provide educational opportunities for residents, particularly in neighborhoods with high concentrations of payday lending stores, regarding how to avoid falling into the payday loan debt trap and what alternatives exist to meet consumer credit needs. The second strategy will provide support for efforts to advocate changes in municipal laws and regulations that allow for excessive interest and service fees. It will also provide support for activities that promote the development and implementation of socially responsible investment policies by local jurisdictions that specifically target divestment from banks that finance predatory payday lenders.

With regard to public and other stakeholder outreach, education and mobilization activities under the first strategy, the community foundation encourages RFP respondents to focus proposals on cities/neighborhoods with high concentrations of payday lending establishments, such as in San Jose and Campbell, where together they number 45.² While significantly fewer payday lenders are situated in Sunnyvale and Gilroy (seven and four payday lending establishments respectively), the community foundation also will consider proposals focusing on those cities and specific populations that may be disproportionately targeted and affected by payday lenders, such as Latinos in Gilroy. The community foundation also will consider proposals that focus on cities that have a high number of payday lenders relative to the number of mainstream banks, such as in Pacifica, San Bruno, or on a per capita basis, such as Redwood City.

The community foundation expects RFP respondents to describe specific efforts they would undertake at the municipal level to create local awareness and knowledge about the negative effects of predatory payday lending and how they would connect their work to efforts around the Bay Area and state. In particular, the RFP should state the specific stakeholder groups and geographies to be targeted and the outreach approaches and tools to be used to conduct the work. The community foundation is especially interested in supporting outreach and public education activities that are culturally and language-appropriate for the target populations being served and that include the use of media such as radio, neighborhood newspapers, texting and other social media communication channels to effectively disseminate key messages to community members.

With respect to changing local laws, one focus will be on city ordinances that restrict payday lending or help mitigate the harmful effects of predatory lending on low-income communities of color. RFP respondents are encouraged to focus proposals on the cities and neighborhoods noted above. Respondents also are encouraged to consider local ordinance experiences in Sacramento, Oakland and San Francisco—as well as those of other cities around the country (e.g., permanent moratorium, special zoning, special permits, limits on density and/or distance)—in order to propose lessons that could be applied to Silicon Valley localities. Respondents are also encouraged to describe how their policy advocacy efforts are expected to lead to meaningful reform at the local level and build a constituency for state level reform in the future. The proposal should include a clear description of how the various activities would be coordinated and implemented, including key anticipated milestones and the timeframe for completion.

2. These areas include: the Alum Rock and Story Road Corridors; the Seven Trees neighborhood and Monterey Highway; the San Carlos Corridor and greater Burbank neighborhood; Winchester Boulevard; the Horace Mann and North Campus areas; and the Blossom Hill Road area.

Another focus will be on inhibiting the flow of credit to and/or operational financing of predatory payday loan companies from banks via support for changes to city investment policies. As referenced in the report *The Predators' Creditors—How the Biggest Banks are Bankrolling the Payday Loan Industry*, payday loan companies depend heavily on financing from banks, including Wells Fargo, Bank of America and JP Morgan.³ The community foundation is interested in supporting community organizing and advocacy activities that result in the adoption of new socially responsible investment policies or new criteria within already existing investment policies that lead to divestment of funds from banks that finance payday lenders. An example of these type of activities is a recent campaign that resulted in the divestment of nearly one billion dollars in Bank of America by the City of San Jose due to Bank of America's foreclosure-related loan modification record.

Proposal Eligibility Criteria

- San Mateo and/or Santa Clara County-serving organizations. Organizations headquartered outside the two county region must demonstrate significant service to the area.
- Organizations with a 501(c)(3) designation, those that have a fiscal sponsor with a 501(c)(3) designation, public agencies, collaborations of nonprofit and public agencies, or other entities that have a designated charitable purpose.
- Organizations that do not discriminate based on race, color, national origin, citizenship status, creed, religion, religious affiliation, age, gender, marital status, sexual orientation, gender identity, disability, veteran status or any other protected status under applicable law. If an organization only serves a specific population, e.g., women or specific ethnic populations, the community foundation will consider the proposal on a case-by-case basis.
- Organizations with religious affiliations will be considered for funding only if the project for which they seek support attempts to address the needs of the wider community without regard to religious beliefs.

Project Proposal Characteristics

We are receptive to concrete, practical and impactful project proposals that:

- Include both well-tested models that can be scaled up or expanded regionally while maintaining local relevance, and new pilots that, if successful, can be grown and replicated.
- Benefit from collaborative work and bring public and private partners together with nonprofit organizations.
- Demonstrate knowledge of the sector and its trends.
- Identify target population to be reached and justification for that focus.
- Provide clear benchmarks for measuring progress.

Eligible Projects

This RFP focuses on Anti-Payday Lending Policy Advocacy. The community foundation is receptive to implementation proposals on this topic that focus on *one or both* strategies as described above in the Program Goal section. If a proposal includes both strategies, please include a separate and clearly delineated budget for each strategy. Collaborative efforts carried out by more than one entity are encouraged; however the community foundation asks that one lead agency serve as applicant in response to this RFP, with signed Memoranda of Understanding from the other partner agencies. Examples of the types of project activities that may be supported are: legal research to identify the specific type of ordinance to be promoted; public outreach and education to inform municipal residents about the predatory nature of payday lending and help them make informed decisions about consumer borrowing and the various options that are available to them; dissemination of public education information through media outlets; preparation of advocacy materials and holding of briefings for public officials; and mobilization of community members in support of proposed legal remedy. Successful applicants/collaborative partner entities could include: advocacy organizations, public policy research institutions, neighborhood/community-based organizations, marketing and communications firms, and legal services organizations.

3. Written by Kevin Connor and Matthew Skomarovsky under the auspices of National People's Action and the Public Accountability Initiative, "This report traces the connections between the largest payday lenders and Wall Street banks, including financing arrangements, leadership ties, investments and shared practices..."(p. 3)

While we expect that most of the proposals funded will focus on program implementation, we also may consider requests for planning grants as stand-alone endeavors where a compelling case can be made for them. Planning grants from Silicon Valley Community Foundation are intended to assist organizations to explore the feasibility of a new project that will respond to the community foundation's RFP grantmaking strategies. Some examples may include: collaborative undertakings, consideration of innovative new programs and service areas, and other promising opportunities that require additional exploration or research.

The community foundation will make a limited number of planning grants that correspond to the RFP strategies. For these types of grants, the community foundation is interested in projects that have potential for significant impact in the RFP priority areas and where planning activities are a necessary component for moving an issue forward. The community foundation will consider funding planning projects that:

- Are collaborative in nature and bring new public and private partners together to address the RFP strategies.
- Focus on planning that seeks to improve program service delivery.
- Will lead to projects that are concrete, practical and impactful.
- Propose to replicate a model that requires adaptation, but lacks the financial resources, skill sets or expertise to undertake a planning process without outside assistance.

The community foundation will not fund planning that is part of an organization's or program's ongoing activities. The community foundation recognizes that planning grant monies may be needed to retain outside professional assistance where multi-agency collaboration will be undertaken.

Note that successful planning grant recipients are not guaranteed to receive an additional grant for project or program implementation, but such support may be awarded.

Application Process

1) Review of reference materials.

- Key Dates (<http://www.siliconvalleycf.org/grants/key-dates.html>)
- Grant Applicant FAQ sheet (<http://www.siliconvalleycf.org/grants/FAQ.html>)
- Research paper (<http://www.siliconvalleycf.org/grantmaking-strategies/pdf/research-paper-asset-building.pdf>)
- RFP for Economic Security: Anti-Payday Lending Policy Advocacy
- Report on the Status of Payday Lending in California and more resources about predatory payday lending (<http://www.siliconvalleycf.org/video/predatory-payday-lending.html>)

2) Participation in one information session

 is highly encouraged for those interested in responding to this RFP.

To reserve your seat, please visit our website at www.siliconvalleycf.org and register online. For planning purposes, we ask that you complete your online registration no later than two days prior to the date of the information session. Only those organizations considering a response to a RFP should attend an information session.

Follow-up phone consultations and in-person meetings will be available with community foundation staff as time permits.

3) Submission of proposal.

 Although we prefer proposals in electronic form, hard copies will be accepted.

All proposals must be received by email or postmarked no later than 5 p.m. on Wednesday, January 5, 2011. In order to be fair to all applicants, there will be no exceptions to the deadline for late proposals.

Key Dates

Dec. 1, 2010: Information session (Please visit our website to register)

Jan. 5, 2011, 5 p.m.: Proposal submission deadline

February 2011: Announcement of grant awards

Proposal Evaluation Criteria

Proposals for implementation grants should include a narrative that responds to the questions posed at the end of this document and include any other information necessary to explain the proposed project. The narrative should be a maximum of eight typed pages, use 12-point font and no less than one-inch margins. Implementation grant proposals will be evaluated, on a competitive basis, using the following criteria:

- Clarity of project description and project activities regarding steps to be taken to achieve desired outcomes.
- Achievable timeline that corresponds to the key activities.
- Meaningful benchmarks and indicators of success.
- Innovative and effective strategy with potential for systems change.
- Organizational capacity to implement project—including staffing and leadership, operational and fiscal management.
- Established track record in specific program content area or potential to achieve needed content expertise.
- Ability to leverage financial, human and technical resources leading to greater impact.
- Ability to contribute content area knowledge to the field.

The community foundation may consider modest-sized planning grant requests (\$50,000 or less) that would enable possible collaborators to come together and explore public and other stakeholder outreach, education and mobilization activities under the first strategy. Narrative proposals for planning grants should be a maximum of eight typed pages, 12-point font and no less than one inch margins. Planning grant proposals will be evaluated using the following criteria:

- A rationale for why a planning grant is needed as a first step to meeting the objectives of the RFP.
- The principal focus and objectives of the proposed planning grant.
- Responsible planning grant personnel.
- Estimated timetable.
- Other sources of support for the proposal, if applicable.

Total Awards

Successful applicants are expected to receive grants in the range of \$50,000 to \$200,000 for a minimum of one year, depending on the type of grant awarded (i.e., planning or implementation) and scope of proposed activities. Please think carefully about all the aspects of the proposed project that require support, prioritize what you need, and budget for those items. Budget requests will be closely analyzed and applicants should include a budget narrative that makes clear the necessity of the project's specific line-items. Planning grant requests will be considered as noted above and should not exceed \$50,000 for a minimum of one year.

Please note that project proposal narratives may be posted publicly on our website to reflect our value of transparency and encourage learning among grantees and future applicants as well as members of the community at large.

Review and Selection Process

An advisory committee with issue expertise for this strategy will help staff to review all proposals recommended for funding to the community foundation's board of directors. Applicants may receive a site visit, telephone call and/or other type of communication from community foundation staff as part of the proposal review process.

Successful applicants will be informed of selection in February 2011.

Evaluation, Monitoring and Grantee Learning Activities

- Grantees will be expected to meet the community foundation's requirements for the submission of financial and narrative reports, including an interim progress report and/or presentation to community foundation staff and donors, and a final report.
- In an effort to further the overall program goals of this RFP, inform future RFPs related to this topic and contribute to larger field-building objectives, grantees will be asked to participate in periodic meetings to share information on project activities and best practices, as well as participate in research-based evaluations.

Thank you very much for your interest in responding to this RFP and in making our region a better place. We look forward to reviewing your proposal.

Grant Application Checklist

- Cover Sheet**
- RFP Proposal Narrative** addressing proposal information requirement questions.
 - A maximum of eight pages, 12-point font, margins no less than one inch

Attachments: All attachments are required.

- Attachment A:** A detailed line-item budget for the project (that includes details on how the community foundation's funding would be used)
- Attachment B:** A budget narrative for the project
- Attachment C:** A copy of your organization's current overall operating budget
- Attachment D:** Most recent audit, if available
- Attachment E:** Board of Directors list that includes members' professional affiliations
- Attachment F:** Evidence of tax-exempt status
- Attachment G:** Memoranda of Understanding from collaborative partners (if appropriate)
- Send to grantproposals@siliconvalleycf.org OR mail one hardcopy to Silicon Valley Community Foundation's headquarters

Silicon Valley Community Foundation
Attn. Grantmaking Department
2440 West El Camino Real, Suite 300
Mountain View, CA 94040

Submissions must be received by email or postmarked no later than 5 p.m. on Wednesday, January 5, 2011. In order to be fair to all applicants, no exceptions will be made for late proposals.

Thank you for your application.

If you have any questions, please call 650.450.5400 or email us at grants@siliconvalleycf.org

Application Cover Sheet

Economic Security: Anti-Payday Lending Policy Advocacy

Submit one electronic copy to:

grantproposals@siliconvalleycf.org

or

Submit one hard copy to:

Silicon Valley Community Foundation

Attn: Grantmaking Department

2440 West El Camino Real, Suite 300

Mountain View, CA 94040

Telephone: 650.450.5400 Fax: 650.450.5453

We prefer electronic submissions. If you have questions, please contact us at grants@siliconvalleycf.org

General Information

Date: _____

Amount Requested: \$ _____ Duration of project: _____

Name of Institution/Organization: _____

Project Name: _____

Address: _____

City/State/Zip: _____

Website Address: _____

Name and title of primary contact for proposal: _____

PHONE: _____ FAX: _____ EMAIL ADDRESS: _____

Executive Director of organization (if other than above): _____

PHONE: _____ FAX: _____ EMAIL ADDRESS: _____

Please describe in one sentence the project and the purpose for which funding is being sought:

Proposal Information Requirements

1. What is the mission of the organization?
2. What is the project for which funding is being sought and what is the primary purpose of the project?
3. What is the geographic region(s) served by the proposed project (county and specific cities/communities)?
4. What is the demographic population that will be served by your project? *(Please provide specifics, e.g. percentage of low-income or people of color, etc. as available.)*
5. What are the key project activities and time line?
6. What impact do you hope to achieve? How will you know if you achieve it? *(Please provide specific outcomes, identified benchmarks and indicators of success that are meaningful and can be captured using qualitative and/or quantitative evaluation approaches— e.g. identify and train X# of community leaders to participate in outreach activities.)*
7. What are the unique aspects and features of your project?
8. What experience does your organization or collaborative have working in this area? *(Please provide specific achievements that describe your organization's capacity.)*
9. Describe your organizational capacity to implement the project. *(Please include staffing and board leadership as well as operational and fiscal health and management.)*
10. What is the most difficult aspect of this project that could affect your success?
11. Why is this the right time for this project?
12. What can your organization contribute to the field in terms of knowledge-building?
13. If the proposal were to receive funding from the community foundation, how will your organization sustain the project after the funding period ends?
14. Collaborative Partners/Agencies (if any) and their contact information.

ABOUT SILICON VALLEY COMMUNITY FOUNDATION

The vision of Silicon Valley Community Foundation is to be a comprehensive center for philanthropy that inspires greater civic participation throughout San Mateo and Santa Clara counties.

The mission of Silicon Valley Community Foundation is to strengthen the common good, improve quality of life and address the most challenging problems. We do this through visionary community leadership, world-class donor services and effective grantmaking.

We value:

Collaboration	Integrity
Diversity	Public Accountability
Inclusiveness	Respect
Innovation	Responsiveness

At a Glance

Silicon Valley Community Foundation is a catalyst and leader for innovative solutions to our region's most challenging problems. Serving all of San Mateo and Santa Clara counties, the community foundation has \$1.7 billion in assets under management and 1,500 philanthropic funds. The community foundation provides grants through donor advised and corporate funds in addition to its own endowment funds. The community foundation serves as a regional center for philanthropy, providing donors simple and effective ways to give locally and around the world. Find out more at www.siliconvalleycf.org.

MORE INFORMATION

If you have questions,
please contact us at
grants@siliconvalleycf.org
or call 650.450.5400.

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SERVING SAN MATEO AND SANTA CLARA COUNTIES

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To read more about Silicon Valley Community Foundation
visit www.siliconvalleycf.org
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