request for proposals
Economic Security: Anti-Payday Lending
Policy Advocacy
Anti-Payday Lending Policy Advocacy

Introduction
Silicon Valley Community Foundation advances innovative philanthropic solutions to our region’s most challenging problems. One of these problems — predatory payday lending — is addressed through our economic security strategy. To understand our goals and objectives for this strategy, we encourage you to read the community foundation’s research paper on the topic at: siliconvalleycf.org/sites/default/files/research-paper-asset-building.pdf.

The economic security strategy focuses its efforts on:

1) Financial education and coaching connected to asset-building programs and services for low- and moderate-income families and individuals. These services should increase the availability of sound financial information for clients, as well as provide clients with access to saving and credit-building programs and products; and

2) Anti-payday-lending policy advocacy, promoting advocacy, policy and awareness-raising activities that curb predatory payday lending practices and support the development of cost-effective alternatives.

This request for proposals, or RFP, focuses specifically on anti-payday lending policy advocacy. By using an RFP approach, SVCF aims to solicit the best thinking of nonprofit service providers, public sector agencies, research institutions and other entities serving San Mateo and Santa Clara counties.

Grant Application Deadline
The application process will open on August 24, 2015. Responses to this RFP must be submitted through our online application system, applySVCF, by 5 p.m. on September 25, 2015.
Problem Statement

In our two-county region there are wide disparities between those who enjoy financial well-being and those who do not. Alarmingly, one in five San Mateo and Santa Clara County residents is asset poor, meaning they lack the cash reserves or equity in their homes or businesses to meet basic needs for three months in case of unexpected financial hardship. Low-wage workers within communities of color, as well as first- and second-generation immigrants, are likely to be disproportionately represented in this category.

For these consumers, unforeseen expenses such as a job loss, a medical emergency or auto repairs can mean the difference between financial stability and income insecurity. Unable to pay during a financial emergency, consumers at the cusp might seek out a payday loan to meet the immediate cash need. But what begins as a short-term solution can quickly spiral out of control. Payday loans, also known as a “cash advances” or “check loans,” are small-dollar loans, typically for less than $500, whose full repayment is due on the borrower’s next payday, usually in two weeks. Average annual percentage rates (APRs) on these loans often exceed 400 percent on a 14-day loan, and the individuals targeted by payday loan establishments are those who can least afford to see their earnings depleted further by predatory practices, including excessive interest rates, high bounced-check and overdraft fees and other negative features.

Payday lending began in California in the 1990s as an extension of the burgeoning check-cashing industry. And while consumer advocates denounced the products as legalized loan-sharking, the payday loan industry claimed their services were needed by individuals who had no other recourse for short-term credit, and that the inherent risk and high-touch service model justified the fees.

Consequently, we have seen the rapid growth of a check-cashing and payday loan industry that now outnumbers both Starbucks and McDonald’s in total number of outlets1, and which disproportionately targets low-income families and communities of color2, the same groups that most often lack access to affordable credit options or even basic financial services. And while payday loans offer one solution to short-term financial needs, these products often become a major drain on the incomes of individuals who rely on them.

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1 Research by Dr. Steven M. Graves, Geography Department, Cal State Northridge, 2006 - http://www.csun.edu/~sg4002/research/research_home.html.

2 In California, payday lenders are 2.4 times more concentrated in communities of color, even after controlling for income and a variety of other factors. Center for Responsible Lending Policy Brief, February 2010 - http://www.responsiblelending.org/payday-lending/policy-legislation/regulators/mainstream-banks-making-payday-loans.pdf.
Program Goal

This sub-strategy seeks to curb the predatory practices of payday lenders to improve the economic well-being of households in the communities we serve. By informing the community – as well as public officials at all levels of government – about the detrimental effects of these products on a family’s financial stability, we hope to build broad-based support for public policies to regulate and curb this insidious wealth-stripping practice, mitigate further abuses and lay a strong foundation for economic well-being in Silicon Valley and across California.

To advance these goals, SVCF will encourage applications in support of local and regional advocacy and outreach to limit the availability of predatory payday loans through:

- Moratoria on licensing of new payday lending establishments;
- Implementation of zoning ordinances to cap the number of payday loan storefronts and establish distance requirements between lenders to avoid harmful overconcentration in at-risk communities;
- Public awareness campaigns to educate the public about the alternatives and resources available to them;
- Efforts to inform local, municipal, state and federal legislators about the harmful effects of payday lending in their districts and the benefits of restricting payday lending for families and local economies.

In the long run, we aim to contribute to state level reform by supporting advocacy efforts aimed at capping the maximum interest rate that can be charged on any payday loan, requiring ability to repay underwriting requirements, and measures to reduce the accessibility and availability of predatory loan products, and development of responsible payday loan alternatives.

Under this RFP the community foundation will invest in two sub-strategies:

1) Support for policy and advocacy efforts that seek changes in municipal law to prevent the establishment of new payday lending establishments in local jurisdictions, efforts to amend state law by working locally and in other key regions across the state, and efforts to educate and inform regulators and legislators at the federal level to enact national policies that would protect residents in our region and beyond.

2) Raising the awareness of key stakeholders and the public concerning the negative effects of predatory payday lending on household financial health, and mobilizing public support around the issue. Funding will also be provided for resident educational opportunities, particularly in neighborhoods with high concentrations of payday lending stores to help people avoid falling into the payday loan debt trap and increase awareness of the alternatives to their consumer credit needs.

With regard to public and other stakeholder outreach, education and mobilization activities under the first sub-strategy, SVCF encourages RFP respondents to focus proposals on communities with high concentrations of payday lending establishments relative to the number of mainstream banks, and those with populations that may be disproportionately targeted by payday lenders.
SVCF is also interested in supporting outreach and public education activities that are culturally and linguistically appropriate for the target populations being served, and those that include the use of new technologies and media such as radio, video, neighborhood newspapers, text, social media and other communication channels to effectively disseminate key messages to community members.

With respect to changing local laws, the focus should be on city ordinances that restrict payday lending or help mitigate the harmful effects of predatory lending on low-income communities, communities of color and other affected populations. Those could include single mothers, active duty military personnel and veterans, people with disabilities, re-entry populations, and older Americans.

All RFP respondents are expected to describe the specific efforts they would undertake at the municipal or county level to create awareness about the negative effects of predatory payday lending, and how they plan to connect their work to efforts throughout the Bay Area, Sacramento and other cities across the state and around the country.

Applicants are encouraged to consider partnerships with law firms, public relations firms, community organizers and a variety of direct service providers to support policy and advocacy goals. Working with diverse stakeholders to develop coalitions that are representative and responsive to the needs of all communities is also encouraged.

For grantees leading policy and advocacy efforts, grant activities may include:

• Organizing and outreach to raise awareness of the negative impact of payday loans on family financial stability, as well as the programs, products and services available to help families and individuals avoid payday loans and other financial pitfalls in the first place;
• Educating policymakers and elected officials at the local, state and national levels about the micro- and macroeconomic impacts of predatory payday loans on their constituents;
• Developing the next generation of community advocates supporting anti-payday policy efforts;
• Conducting research or developing affordable payday loan alternatives;

Specific outcomes may include:

• Number of community meetings held;
• Number of individuals reached through organizing/awareness-raising events;
• Number of community leaders trained as advocates;
• Number of elected officials and/or government agencies met;
• Number of bills or ordinances introduced/passed/blocked;
• Number of media events held;
• Number of media placements garnered;
• Number of research papers published.
Proposal Eligibility Criteria

- Organizations serving San Mateo and/or Santa Clara counties will be considered. Organizations headquartered outside the two-county region must demonstrate significant service to these areas, or be partnered with another organization based within the two core counties.

- 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, SVCF 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

All applicants must provide a rationale that describes the public policy outcomes they plan to pursue during the grant year, how they plan to engage local community groups and individuals, the specific geographies they plan to target, the timeframe for each strategy, and the percentage of time that will be spent lobbying or conducting grassroots advocacy.

Priority will be given to organizations that demonstrate a clear understanding of how the proposed activities advance existing organizational goals, those that show a cohesive overall community strategy and those that best describe how their policy advocacy efforts will be coordinated and implemented, including key anticipated milestones and the timeframe for completion.

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 the target population and provide justification for that focus.

- Provide clear benchmarks for measuring progress.

Application Process

1) Review reference materials. These may be found at siliconvalleycf.org/economic-security:

   - Research paper on our economic security strategy
   - RFP for Anti-Payday Lending Advocacy
2) **Participate in the information session.** This is highly encouraged for those interested in responding to this RFP. Information sessions provide an opportunity for applicants to review in more depth the RFP's content and ask questions. To register for this session, please visit our website’s calendar.

More specific questions about program concepts, content, eligibility and evaluation can be addressed through phone calls and in-person meetings with the program officer, as time permits.

3) **Submit grant application**, including required attachments, through applySVCF beginning August 24, 2015. Applications must be submitted by **5 p.m. on Friday, September 25, 2015.**

**Proposal Evaluation Criteria**

Proposals for grants should include a narrative that responds to the questions found at applySVCF. Grant proposals will be evaluated, on a competitive basis, using the following criteria:

- Innovative and effective strategy with potential for systems change.
- 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.
- Organizational capacity to implement project – including staffing and leadership, and 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.

**Total Awards**

Successful applicants will receive a grant for a maximum one-year period. Approximately $600,000 is available for grants under this application. 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.

Please note that project proposal descriptions of selected projects may be posted publicly on our website to reflect our value of transparency and encourage learning among grantees, future applicants and 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 SVCF’s board of directors. Applicants may receive a site visit, telephone call and/or other type of communication from SVCF staff as part of the proposal review process.

**Applicants will be informed of grant decisions in late November 2015.**
Evaluation, Monitoring and Grantee Learning Activities

• Grantees will be expected to meet SVCF’s requirements for a final financial and narrative report, as well as a presentation to SVCF staff and donors if requested.

• 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 cohort meetings to share information on project activities and best practices as well as participate in 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.
About Silicon Valley Community Foundation

Silicon Valley Community Foundation makes all forms of philanthropy more powerful. We serve as a catalyst and leader for innovative solutions to our region’s most challenging problems, and through our donors we award more money to charities than any other community foundation in the United States. SVCF has $6.5 billion in assets under management. As Silicon Valley’s center of philanthropy, we provide thousands of individuals, families and corporations with 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 650.450.5557

To get all the latest grantmaking information, follow us on Facebook and subscribe to our community e-newsletter at www.siliconvalleycf.org/enewsletters.

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