

Frequently Asked Questions Fixed-amount Grants As of 4/25/13

The Serve America Act authorized CNCS to award full-time, fixed-amount grants in addition to its existing Education Award Fixed-amount Grant Program. Fixed-amount grants allow programs to apply for a fixed-amount per member service year (MSY). The total amount of a fixed-amount grant must be significantly less than the cost of running a program and programs must raise the additional funds required to cover all costs. Currently in addition to the Education Award Program, fixed-amount grants are available for full-time programs only as follows:

Full-time, Fixed-Amount Grant: Open to organizations that plan to operate a standard AmeriCorps program with full-time members only. Programs must pay the specified living allowance and otherwise follow the AmeriCorps regulations. Applicants may not apply for any positions less than full-time.

Professional Corps Grant: Open to organizations that plan to operate full-time Professional Corps programs. Professional Corps members are paid the salary levels of the profession rather than the living allowance otherwise specified for AmeriCorps members; the salary/living allowance is not included in the budget. Professional Corps programs must also follow the AmeriCorps regulations.

Potential applicants need to read and understand the Notice of Funding Opportunity, the Application Instructions, and the AmeriCorps regulations before applying. These FAQs provide additional information to help you manage a fixed-amount grant.

Question 1: What is the difference between a fixed-amount grant and a standard grant?

Answer: Most standard Federal grants are cost reimbursement grants. Under cost reimbursement grants, grantees have an approved budget as part of their grant award. The grant funds can only be spent on costs in the approved budget and grantees can draw funds from their grant accounts in the Payment Management System (PMS) at the Department of Health and Human Services based on expenditures under the grant.

Under fixed-amount grants, grantees do not have an approved budget in their grant award and do not have specific restrictions on the use of the grant funds because the amount of the grants will be significantly less than the cost of conducting the program. For the AmeriCorps fixed-amount awards grantees will receive an award for a specific amount per MSY. That amount, however, is subject to adjustment based on any partially completed terms of service. (See Question #6 for more information.)

Question 2: What are the advantages of fixed-amount grants?

Answer: Under fixed-amount grants, grantees have less financial reporting. Fixed-amount grants are exempt from the OMB Cost Principles, which means that the amount CNCS awards is not based on a line item budget and programs are not required to maintain documentation to support

the allowability of expenditures charged to federal or matching grant funds. Other OMB requirements still apply. (See Question 15) In short, the advantages are:

- Cost Principles do not apply
- No tracking or documentation of cost sharing is required
- Budgets are not required during application process
- Limited, if any, financial reporting to the Corporation is required; the FFR (SF 425) is not required

Question 3: What are the disadvantages of fixed-amount grants?

Answer: Under a fixed-amount grant, grantees can only draw all of the funds awarded if all members enroll (Education Award grants) or if all members enroll and complete the term of service (Full-time and Professional Corps fixed-amount grants). Grantees must be very careful not to draw more funds than should be accessed based on the enrollment and retention rates. If a grantee draws down funds without having the requisite members on board, the grantee will owe the funds back to CNCS. Therefore, fixed amount grantees must reach a higher performance bar in terms of member retention than cost-reimbursement grantees in order to access the full amount of the grant.

Question 4: What requirements still apply under fixed-amount grants?

Answer: Except for the requirements specifically attributable to cost reimbursements, all of the requirements and regulations related to the AmeriCorps program still apply. Grantees should refer to the regulations and grant provisions that describe all requirements which include:

- AmeriCorps members must receive the minimum living allowance required for the specific program year.
- AmeriCorps members must be provided with health coverage that meets the Corporation's minimum requirements.
- Member documentation related to eligibility and criminal background checks must be confirmed and maintained.
- Member time-keeping systems must be in place to track member service hours.
- Appropriate program management and supervision must be provided.
- Program design is of paramount importance. Performance measures will be carefully scrutinized.
- Programs must still raise significant revenue to operate the program. The fixed amount provided is not enough to operate an AmeriCorps program.

In addition, grantees are still subject to the Uniform Administrative Requirements and the Single Audit Act (if it is otherwise applicable). If necessary, CNCS will make some changes to the terms and conditions of individual awards related to program income (See Question #9 for more information).

Question 5: How will fixed-amount grantees be able to draw down their grant funds?

For the Education Award Fixed grants (\$800 per MSY), grantees can access the approved amount per MSY as they enroll members in the program.

For full-time and Professional Corps programs, CNCS will allow programs to draw up to 20% of the funds immediately to cover initial costs associated with recruiting, selecting, and training members. After that, programs can draw funds throughout the year, but must make sure they do not draw funds in excess of member hours served for members who do not complete a term of service and only the full fixed amount authorized for those that complete a term of service. Grantees must ensure that they do not draw down more funds from the Payment Management System than they are entitled to based on member enrollments and completion of terms of service. See Question 6 for how to calculate amounts.

Question 6: How will completion of partial completion of terms of service affect the amount of a fixed-amount grant that a program will be able to retain?

Answer: The final amounts that fixed-amount grantees may retain under their awards are tied to the number of members enrolled (Education Award Program grants) or the number of completed or partial terms they serve (Full-cost and Professional Corps grants).

Education Award Programs: Grantees will follow guidelines already established. You can draw the full amount approved in your grant per MSY based on member enrollments, not on completed terms of service.

Example: You are approved for 20 full-time and 60 half-time members (30 MSY) at \$800 per MSY for a total of \$40,000 (50 MSY x \$800). You enroll 18 full-time and 54 half-time members. You may draw \$ as follows:

18 full-time members x \$800 =	\$14,400
54 half-time members = 27 MSY x \$800 =	<u>\$21,600</u>
Final Grant Amount:	\$36,000

Full-Time and Professional Corps Fixed Amount Grants: Although the fixed-amount grants will be awarded based on a certain amount per MSY, the Serve America Act requires the final amount of the grant to be adjusted based on any partially completed terms of service. At the end of each program year, grantees should calculate allowable funds as follows:

If a member completed the term of service and earned the education award, the program is entitled to the full approved amount per MSY.

If a member did not complete the term of service, the program is entitled to the pro-rated approved amount per MSY based on percentage of hours served ÷ 1700.

Example 1: Program A is approved for 20 members at \$13,000 per member, total \$260,000. 17 members complete the term of service. The remaining five members served lesser amounts as follows:

Member 18 completed 1125 hours: $1125 \div 1700 = 66\% \times \$13,000 =$	\$ 8,580
Member 19 completed 458 hours: $458 \div 1700 = 27\% \times \$13,000 =$	\$ 3,502
Member 20 completed 920 hours: $920 \div 1700 = 54\% \times \$13,000 =$	<u>\$ 7,020</u>
Total Pro-rated Amounts:	\$ 19,102

Plus Completed Terms:	17 members x \$13,000 =	\$221,000
Final Grant Amount:		\$240,102

Over the course of the year, Program A accessed a total of \$200,000 from the HHS Payment Management System. At the end of the year, the grantee can draw an additional \$40,102.

Example 2: Program B is approved for 30 members at \$12,000 per member, total \$360,000. The program enrolled 29 members and 25 members complete the term of service. The remaining four members served lesser amounts as follows:

Member 26 completed 1125 hours:	$1125 \div 1700 = 66\% \times \$12,000 =$	\$ 7,920
Member 27 completed 458 hours:	$458 \div 1700 = 27\% \times \$12,000 =$	\$ 3,240
Member 28 completed 1450 hours:	$1450 \div 1700 = 85\% \times \$12,000 =$	\$ 10,200
Member 29 completed 920 hours:	$920 \div 1700 = 54\% \times \$12,000 =$	<u>\$ 6,480</u>
Total Pro-rated Amounts:		\$ 27,840

Plus Completed Terms:	25 members x \$12,000 =	\$300,000
Final Grant Amount:		\$327,840

Over the course of the year, Program B accessed a total of \$345,000 from the HHS Payment System. The grantee must reimburse the grant \$17,160 by returning the money to the HHS Payment Management System.

Question 7: Is there any difference in how much a program can retain of the fixed amount per MSY for members who leave before completing the term for cause vs. for compelling personal circumstances?

Answer: There is no difference. Grantees are still able to retain the pro-rated amount based on member hours served for both members who leave for cause and those who leave for compelling personal circumstances. Under cost-reimbursement grants, grantees can retain the expenses for members who leave for cause up to the date the member leaves. The same principle applies under fixed amount grants, but the amount allowed is based on the pro-rated number of hours served instead of expenditures for that member up to the date of departure.

Question 8: I have a Professional Corps fixed-amount grant and CNCS has approved my program to use the timekeeping system of the profession and not keep the AmeriCorps timesheets. How do I determine the fixed amount I can retain if members leave before the end of their term of service?

Answer: If you are approved for an alternative timekeeping system, you are already required to have policies in place to determine the amount of the education award members would earn if they leave before the end of the term of service for compelling personal circumstances and are entitled to a pro-rated education award. Use that same process to determine the fixed amount per MSY you can access.

Question 9: If the cap on the amount available is \$13,000 per MSY and I am approved for a lesser amount per MSY, can I expend the full amount of the grant if I don't go over \$13,000 per member?

Answer: Grantees can only access up to the amount approved in their specific grant and based on member service hours. So, Program B above was approved for only \$12,000 per MSY and is only eligible for \$327,840.

Question 10: Under my program members serve 1800 hours. Why can't I pro-rate the amount based on the full number of hours served?

Answer: Under the Serve America Act, the hours served above the minimum amount required to complete the term of service cannot be counted in the calculation of the final amount of a fixed-amount grant that may be retained. Therefore, even if you require your members to serve more than the minimum required 1700 hours, the calculation for determining the pro-rated amount allowed for members who don't complete the term of service is still based on 1700 hours.

Question 11: How is program income handled under a fixed-amount award?

Because the amounts of fixed amount awards will be substantially less than the costs of running the program, fixed amount grantees must use program income to meet the costs not covered by the grant. However, if your level of program income exceeds levels to be specified in the award CNCS may have to make special adjustments to your award to ensure that the grant amount plus your gross program income does not exceed the costs of running the program.

Question 12: What kind of slot conversions can I do under a fixed-amount grant?

Answer: The statute only allowed the Corporation to award fixed-amount grants for full-time members in fiscal year 2010 and CNCS has not changed the requirement. Therefore, Full-time and Professional Corps fixed-amount grantees may **not** convert slots. In 2012, CNCS provided some limited ability to convert slots, but only for 2012. Education Award programs are authorized for any kind of term of service and may continue to convert slots as they have been allowed to do in past years.

Question 13: As a state commission, how do my responsibilities change in monitoring my subgrantees with fixed-amount grants?

Answer: You do not have to monitor your subgrantee's expenditures to ensure the program expends funds only on allowable costs and you do not have to sample supporting documentation to ensure the subgrantee is meeting its matching requirements. However, you must monitor their member service and retention rates to ensure you do not provide CNCS funds in excess of the amount allowable for the period based on the number of members on board and hours served. You must also still monitor your subgrantees to ensure they are meeting the AmeriCorps requirements and review their A-133 audits for any relevant issues.

Question 14: What are the closeout requirements?

Closeout will follow the same process as the cost reimbursement grants. Your grants officer will monitor expenditures on an annual basis and compare them to the enrollment and retention rates to ensure you are not drawing funds in excess of the allowable amount based on member service hours and completion rates.

Question 15: Our accounting staff say we still have to keep service documentation for our expenditures. Do we have to do this?

Yes, even fixed-amount grantees must comply with the administrative requirements for Federal grants and must complete an A-133 audit. To meet A-133 requirements total you must track total revenue and expenditures for your program. However, you don't have to track or document your match and you don't have to track Federal funds separately from other revenue you receive and expenses you incur for the program. Also, your accounting staff needs to know they aren't accessing the Federal funds based on actual expenditures but based on the number of members enrolled and/or serving.

Question 16: If I am not drawing funds from the HHS payment system based on expenditures, how do I do it?

You access funds at HHS based on the number of your members who have served in the time period for which you are drawing funds. You need to establish procedures with your accounting staff that describe the pro-rata amount of CNCS funds you will draw down. For example, if you receive a grant of \$195,000 for 15 members at 13,000/MSY and draw down funds once a month in a 10 month program, you can allocate \$19,500 per month. If all your members serve the full month and serve the same number of hours, you could draw down the full \$19,500. If you only have 14 of the 15 members on board, you would only access 14/15 of the \$19,500 for that month. If you started the month with 15 members and one week into the month a member left, you would only access 14.25/15 of the monthly allocation.

You could also draw the funds based on member hours served during the month pro-rated by the 1700 hours required to earn the education award. This works best if each member is allowed to serve different numbers of hours each month. In both cases, you need to follow the process described in Question 6 at the end of each program year to make sure you have not drawn funds in excess of the fixed amount earned. In both cases, if you elected to draw down an initial amount at the beginning of the program year for start-up costs, you would also need to decrease the amount you allocate per month.

Be sure your accounting staff are not drawing down the funds based on amounts of living allowance paid to the member during the period. You risk drawing down too much of the CNCS share if you do so.

Question 17: Why are we required to submit the FFR to HHS in the payment system if we aren't required to submit it to the Corporation?

Under fixed amount grants, grantees must still comply with the Federal Cash Management Act which ensures grantees are not drawing more funds out of the Federal system than they need (disburse). HHS uses the disbursement data you report to them on the FFR to make sure you comply with that requirement. If you draw down more funds than you are reporting disbursed,

HHS may control your draw down. Your written procedures for drawing funds under Federal grants should be revised to add procedures for drawing funds based on member service hours instead of expenditures.