Overview

In Fiscal Year 2009, the Corporation will implement two changes with respect to RSVP, Foster Grandparent and Senior Companion program grants. The purpose of this document is to describe the upcoming changes and to provide additional information.

New in Fiscal Year 2009:

I. A new government-wide Federal Financial Report (FFR); and
II. Two new Terms and Conditions on the Notice of Grant Award (NGA).

I. About the new government-wide Federal Financial Report (FFR) that will take the place of the existing Financial Status Report (FSR)

The Office of Management and Budget (OMB) expects all federal agencies to begin using a new government-wide financial reporting form, the Federal Financial Report (FFR) in 2009.When fully implemented, the new FFR will combine data that Corporation grantees report on two separate forms: the Federal Cash Transaction Report to HHS (FCTR, also known as the "272") and the Financial Status Report to CNCS (FSR, also known as the "269").

Unlike the existing FSR, the new FFR includes data fields to specifically report program income. The Corporation's current FFR implementation schedule for its grantees is January 2009.

Recognizing that the overarching purpose of Senior Corps programs is to address critical human and community needs by mobilizing and cultivating volunteers, we anticipate program income will be limited.

The Corporation anticipates that new reporting data element may raise questions about program income.

When program income is in excess of the required non-federal share, the grantee should contact the Corporation State Office to request a budget amendment to add a new budget activity. In the majority of cases, we anticipate that budget amendment will be approved and that new activity costs will be added as a line item in the overall budget against grantee share, thereby increasing the total grantee share by an amount equal to the increase in the total budget. The amount of Federal funds awarded would not change. There may also be cases where the Corporation will reduce the Federal share of the grant to reflect the amount of program income. The Corporation State Office will provide guidance and instruction.

Please see the "Frequently Asked Questions" section beginning on page 2 for more information in a question and answer format. .

II. About two new Terms and Conditions

Two new Terms and Conditions will be added to all RSVP, Foster Grandparent, and Senior Companion program Notices of Grant Award (NGA).

II. Term and Condition #1: Program Income	
NGA Language	**Background information**
"Program income is to be used to further the purposes of the grant program for which the award was made. Program income from all sources must be reported and documented. Program income is revenue earned as a direct result of the grant-funded program activities during the award period and must be retained by the Grantee and used to finance the grant's non-Corporation share. Program income earned in excess of the amount needed to finance the Grantee share must follow the appropriate administrative requirements of 45 CFR 2541 or 45 CFR 2543, and cost principles of 2 CFR 205, 2 CFR 225, 2 CFR 230 (formerly 0MB circulars A-87, A-122 and A-21) 0148 CFR Part 31 and be deducted from total claimed costs, or with approval from the Corporation through a budget amendment be used to enhance the program (additive process). Grantees that earn excess income must specify the amount of the excess in the comment box on the financial report."	While the program income provisions are existing grant requirements, the Corporation has not previously provided specific instructions regarding the implications of program income to grant budgets. The Corporation will attempt to give Senior Corps grantees the broadest possible options of accounting for program income.
Term and Condition #2: Trafficking of Persons All federal agencies providing federal assistance are required to this include this Term and Condition as part of the grant process. Trafficking of persons is strictly prohibited. The full provision will be included in the NGA.	

Frequently Asked Questions

(1) Why is the Corporation addressing program income at this time?

The reason for the timing is an upcoming change in required federal financial reporting. The Office of Management and Budget (OMB) expects all federal agencies to begin using a new government-wide financial reporting form, the Federal Financial Report (FFR) in 2009.When fully implemented, the new FFR will combine data Corporation grantees report on two separate forms: the Federal Cash Transaction Report to HHS (FCTR, also known as the "272") and the Financial Status Report to CNCS (FSR, also known as the "269"). Unlike the existing FSR, the new FFR includes data fields to specifically report program income. The Corporation's current FFR implementation schedule for its grantees is January 2009.

(2) What changes to Corporation forms or other documents will Senior Corps grantees see?

Senior Corps grantees will see three types of changes:

- *Updated eGrants Screens* – Grantees will complete the FFR form in eGrants. The current FSR screens will be modified to accommodate all of the data fields required on the FFR. Senior Corps specific data, such as VSY numbers and the total cumulative volunteer expenses, will be moved to the Progress Report for reporting.

- *Updated financial report printout* – A printed copy of the data entered on the eGrants screen will be in the new FFR format
- *Notice of Grant Award (NGA)* – Beginning in FY 2009, the NGA will include two new Terms and Conditions. The first will specify that program income funds must be reported in accordance with FFR instructions. The second specifies that all federal grantees are prohibited from engaging in trafficking of persons.

(3) What is program income?

Program income is defined as "gross income received by the grantee . . . directly generated by a grant supported activity, or earned only as the result of the grant agreement during the grant period" [45 CFR §2541.250(b) and §2543. 249(a)]. Program income includes fees from services performed under the grant, and income from sale of commodities or items fabricated under a grant agreement.

(4) Is reporting program income a new federal requirement?

No. Program income administrative requirements are pre-existing. Senior Corps grantees are already required to comply with the following Corporation for National and Community Service provisions included in the Title 45 of the Code of Federal Regulations:

- Part 2543 – Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations
- Part 2541 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

(5) Is Program income the same as fund raising?

No. Program income is revenue generated directly from activities supported **under** the federal grant. Fund raising is a set of activities and tasks that expand the resources available to the grantee from diverse sources. Program income is allowable and must be properly reported. Time spent on fund raising activities is **not an allowable charge under the grant**. As discussed in the Fund Raising materials earlier this year (available online at: http://nationalserviceresources.org/sc-fund-omb-cost-principles) time spent on fund raising can be charged to "Excess" on the Senior Corps budget form.

(6) Do contributions from volunteer stations count as program income?

No. Program regulations preclude Senior Corps grantees from requiring volunteer stations to pay fees in return for volunteers. Because any resources provided by volunteer stations are strictly voluntary, they are classified as contributions or donations to the Senior Corps project and not as fees paid in return for volunteers to perform service.

(7) Are funds received by Medicaid Waiver contracts or other similar arrangements considered program income?

Yes. If a grantee enters into an agreement with a party other than a service beneficiary to provide support for additional Senior Corps volunteers, as is the standard practice with Medicaid Waiver contracts, the revenue generated is program income. However, because these funds will be used to increase the scope of the supported programs, as will be reported on the new FFR, the receipt of this program income is NOT a compliance issue.

(8) What if a grantee has earned more program income than needed for the required non-federal share?

When program income is in excess of the required non-federal share, the grantee should contact the Corporation State Office for guidance. We anticipate that in the majority of cases, the grantee will request and receive approval for a budget amendment to add a new budget activity (Additive Method). There may also be cases where the Deductive Method would apply. The Corporation State Office will provide guidance and instruction. Please see examples below.

- **Additive Method Example:** A program with excess income may request a budget amendment to add an activity (e.g. independent evaluation) to the overall budget, funded with the excess income. The amendment, if approved by the Corporation, would add the evaluation costs as a line item in the overall budget against grantee share, thereby increasing the total grantee share by an amount equal to the increase in the total budget. The amount of Federal funds awarded would not change.

- **Deductive Method Example:** A $100,000 RSVP project (funded with $70,000 federal share and $30,000 non-federal share) realizes $6,000 in program income revenue. The non-federal requirement has been met. The project has no plans to expand or enhance its activities, thus the grant will not be amended. The $6,000 excess program income reduces the total federal share since the matching requirements have already been fully met. Federal funds are reduced from $70,000 to $64,000 but the total budget remains at $100,000 total since it is now funded with $36,000 in grantee share.