

**Frequently Asked Questions Concerning Fund Raising and
Senior Corps Grants^{*}
January 18, 2008**

As a result of our monitoring program, an issue of fund raising – especially as it relates to 100% grant-funded project directors – was raised as a concern. We find ourselves in a challenging situation regarding the issue of fund raising by Senior Corps Project Directors and the limitations defined in the OMB Cost Principles. Therefore, we have prepared the attached draft FAQs and would welcome any feedback you have.

We know that this causes uncertainty for our Senior Corps programs. However, we are confident that we can work with each Senior Corps grantee to navigate the changes necessary to be compliant. Corporation staff will be engaged in helping you manage this change to our practices around the use of Senior Corps grant funds for fund raising. In the meantime, please be assured that we are looking at options for assisting grantees to address this issue with the minimal possible disruption to project operations.

BACKGROUND

1. What government-wide requirements apply to raising funds under our Senior Corps grant?

Senior Corps sponsors must follow all applicable OMB Cost Principle circulars:

- [OMB Circular A-87](#) for State, Local, and Indian Tribal Governments [2 CFR, Part 225]
- [OMB Circular A-122](#) for Nonprofit Organizations [2 CFR, Part 230]
- [OMB Circular A-21](#) for Educational Institutions [2 CFR, Part 220]

These OMB Cost Principles apply to grant programs across the Federal Government and define the type of costs that grantees may include on a Financial Status Report (FSR) as costs being charged to a federally funded grant. The cost principles implement government-wide decisions on what types of costs may not be included in federal grant-funded programs, or claimed as meeting grant match requirements.

One of the specific types of costs discussed in the Cost Principles is fund raising. Specifically, the OMB Circulars A-122 and A- 21 do not allow grant funds to be used for the costs of “organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.” Circular A – 87 has a similar provision.

2. What is the definition of grant funds?

^{*}For further resources concerning fund raising and Senior Corps grants, please visit the following website:
http://www.seniorcorps.gov/for_organizations/manage/fundraising.asp

Grant funds are defined as federal funds and required non-federal share.

3. *Is this a new requirement? If not, why is the Corporation raising this issue now?*

No. Organized fund raising costs have been unallowable under the OMB Cost Principles for many years. The Corporation is addressing this issue across all Senior Corps programs to ensure consistent guidance and practices in this area.

4. *How does the disallowance of costs for “organized fund raising” under the OMB Cost Principles work?*

If the Corporation learns that an FSR includes costs for organized fund raising, those costs (as either grant charges or matching expenditures) will be disallowed.

5. *How does the disallowance of costs for “organized fund raising” affect staff costs charged to the grant?*

Staff costs will be disallowed as charges to the grant, including required non-federal share, to the extent the time associated with those costs were spent on “organized fund raising.” This means that Senior Corps project staff whose salaries and benefits are 100 percent charged as direct costs to the federal grant may not engage in “organized fund raising” on behalf of the sponsor organization.

ACHIEVING COMPLIANCE

6. *At our sponsoring organization, there is no alternative to the project director devoting some time to fund raising for the project. Is there any way this can be done in compliance with the OMB Circulars?*

Yes, by reducing the time the project director charges to the grant’s federal or required nonfederal share to reflect the time he or she actually spends on fund raising activities.

For example, a project director who needs to spend 5 percent of his or her time on fund raising activities would charge 95 percent of his or her time on the budget and FSR (either as federal costs or required non-federal share). Another project staff member, who might spend 15 percent of their time writing grant applications, would allocate 85 percent of his or her time on the FSR, the other 15 percent would be paid from excess non-federal funds, or other funds available to the sponsor. You must keep appropriate time records to support your cost allocation. Making this kind of change to the budget will actually give sponsors more flexibility in managing their programs.

7. *May costs related to “organized fund raising” for the project, such as project staff time, mailings, etc., be charged to “Excess” non-federal funds?*

Yes. The OMB circulars on allowable costs do not apply to funds that are not included in the grant as either costs to be reimbursed by grant funds or matching costs financed by the sponsor. Project sponsors are free to spend their non-federal funds that exceed the budgeted match on anything they determine is appropriate for their project, including the costs of fund raising.

8. *The Corporation requires a full time director, unless specifically exempted. Isn't this requirement inconsistent with guidance that project directors who engage in organized fund raising not charge 100 percent of their time to the grant?*

Those are not the same things. We encourage a full time director. While time spent on organized fund raising activities may be within the scope of a director's responsibilities, it cannot be charged to the federal or required non-federal share.

9. *What staff activities are considered "organized fund raising" under the OMB cost principles?*

"Organized fund raising" includes all efforts to obtain funds to cover capital or operating costs, or to solicit in kind contributions. The test is the purpose of the event, not the amount of funds raised. Examples include:

- Conducting a financial campaign or endowment drive
- Soliciting specific gifts or bequests
- Applying for grants (See Question 12 regarding continuation applications for Senior Corps grants)
- Applying for support from local community foundations, such as the United Way

10. *What staff activities will NOT be considered "organized fund raising" under the OMB cost principles?*

Senior Corps project staff may disseminate information about the project's activities, accomplishments, and outcomes, as well as provide information about the grant application, the governing regulations, and the grants terms and conditions. Even if that information is going to be used by someone else to raise funds for the program, this will not be considered "organized fund raising."

For example, project staff may:

- Negotiate a grant budget following approval of a grant application.
- Provide information about the project to a grant writer.
- Inform community organizations and leaders about the project, its activities and accomplishment and the non-federal funding requirements of the grant.
- Negotiate as part of the Memorandum of Understanding with a volunteer station for the volunteer station to provide cash and/or in-kind support for the project, so long as such contributions are not a precondition of providing the station with volunteers.

- Respond to questions or provide information to state or local governments that may decide to contribute to the cost of the program.

11. As part of our grant-supported efforts to inform and educate the general community about project activities, may we include information about how members of the public can make donations to support the project?

Yes. So long as the primary purpose of the activity is informing and educating the community at large, and the activity falls with the scope of the grant, it would be permissible to include information as to how interested persons can make donations. For example, it is permissible for a grantee to prepare and distribute a newsletter, or maintain a website (even though the web site includes information about how to make donations to support project activities). Another example would be an “open house” for the public to learn more about the project and what the volunteers are doing in the community. Under these circumstances the grantee could include information on how an interested person could support the project.

12. May project staff charge time spent preparing second and third year continuation applications for their project to the Corporation to the current grant?

Yes. This is an administrative action required by the Corporation to continue the current grant, and is not considered “organized fund raising.”

13. May project staff who are 100 percent funded by the grant spend time writing a new three year application (“renewal” application) for their project?

No. The resources of the current grant cannot be used to request funds for the next grant period. This time may be charged to Excess.

14. What are some other options available to sponsors, such as “self-incorporated” projects, who lack other resources to spend on fund raising activities?

Other options include:

- (a) Ask members of your Board of Directors to assist:** Board members of non-profit organizations frequently play a key role in fund raising.
- (b) Use Sponsor Organization Staff:** Staff of a sponsoring organization that are not charged to the Senior Corps grant may engage in fund raising without regard to the OMB Cost Principle restrictions.
- (c) Make Use of the project Advisory Council:** As noted in Senior Corps program regulations, the membership of the Advisory Council should include people who are “capable of helping the sponsor meet its administrative and program responsibilities including fund raising, publicity, and programming for impact.” The Advisory Council can help raise both the required non-federal share and other funds. In addition, Advisory Council members can be asked to prepare renewal grant applications.

- (d) **Seek Other Pro-Bono Volunteer Grant Writers:** Small nonprofits frequently are able to get pro-bono help in grant writing from community members.
- (e) **Participate in United Way or other Community Wide Campaigns.** In this case, fund raising is undertaken by professionals in the community-wide organization.
- (f) **Offer internships to local universities and colleges,** especially for graduate students with experience in grant writing, marketing, non-profit administration.

15. *May we count the value of fund raising volunteer time spent fund raising as an in-kind contribution to the grant?*

No. Because fund raising is not an allowable cost under the OMB Cost Principles, the value of volunteer time spent on fund raising may not be counted as an in-kind contribution to the grant.

16. *Do state funds fall within same fund raising restrictions?*

Yes, if the state funds are used as part of the required non-federal share.

17. *May we solicit gifts from participants or beneficiaries?*

No. Our statute prohibits such activities.

18. *If we already submitted a grant application that does not reflect the Cost Principles, what should we do?*

For grants already submitted to the Corporation for funding (i.e. January 01, 2008 cycle), we will make the award and work with the grantee to amend the budget. It is our expectation that all grants submitted after January 01, 2008 will reflect compliance with OMB Cost Principles as outlined in this document.

19. *What support will the Corporation provide in implementing the OMB Cost Principles?*

Corporation field staff members are available to answer any questions you might have. Also, we are developing webinars and other online courses to provide assistance.

RSVP VOLUNTEERS

20. *May RSVP volunteers assigned to the project to perform administrative functions engage in fund raising on behalf of their own project?*

Yes. RSVP volunteers assigned to perform administrative functions may raise resources for their projects, consistent with the approved application.

21. May RSVP volunteers engage in fund raising on behalf of an FGP or SCP project sponsored by the same organization that sponsors their RSVP project?

Yes. As in the case of fund raising on behalf of their own project, RSVP volunteers may raise resources for an FGP or SCP project sponsored by the same organization that sponsors their RSVP project.

22. May RSVP volunteers who serve on the project's Advisory Council engage in fund raising in their capacity as Advisory Council members?

Yes. One of the specific roles of Advisory Council members is to help the sponsor meet its administrative and program responsibilities including fund raising.

GENERAL

23. May a project director accept an unsolicited donation for the project on behalf of the sponsor?

Yes. Acceptance of an unsolicited donation is not considered fund raising.

24. May project staff charge their time and related expenses spent soliciting volunteer recognition items and/or support?

Yes. However, time and related expenses spent soliciting volunteer recognition items can only be charged to Excess funds.

25. As a project director, may I charge to the grant the time I spend participating in internal discussions of the project budget and presenting the case for my sponsor to allocate funds to meet the grant's non-federal funding requirement.

Yes. Such activities are considered part of the project director's management responsibilities.

26. May we charge to the grant staff time to attend fund raising workshops at the Corporation sponsored conferences and/or other approved conferences?

Yes, professional development time is an allowable cost.

27. If we have been charging certain fund raising costs, including project staff time, to the grant, what can we do to correct the situation in the future?

You may remove those costs from the federal or required non-federal share of the grant and charge those costs to Excess.

28. *May project staff volunteer their own time, off hours, to engage in fund raising?*

No. Project staff cannot avoid the limitation on organized fund raising by donating “off duty” time.

29. *We are a non-Corporation funded Senior Corps project and receive no federal funds. Are we subject to the same restrictions on fund raising by staff?*

No. The OMB circulars on allowable costs do not apply projects that do not receive federal funds. However, sponsors should be sure that support that they receive from state and local sources are not “subgrants” of federal funds. Subgrants financed under a federal grant program may be subject to the OMB Cost Principles.

30. *May we use federal funds to respond to reporting requirements of other grants supporting Senior Corps programs?*

Yes. This reporting of grant progress is not considered organized fund raising.

31. *May we join other project directors in a consortium specifically to solicit funds for a grant?*

Yes. However, time spent on this activity cannot be charged to federal or required nonfederal share.

32. *May Senior Corps Associations fund raise for projects?*

Yes. However, time spent on this activity cannot be charged to federal or required nonfederal share.