

## Frequently Asked Questions Fixed-amount Grants

The Serve America Act allows the Corporation to award fixed-amount grants in 2010 in addition to its current Education Award Fixed-amount Grant Program. Fixed-amount grants allow programs to apply for a fixed-amount per individual (MSY) that is enrolled in a national service position. The total amount of a fixed-amount grant must be significantly less than the cost of running a program. As provided in the Serve America Act, fixed-amount grants are being piloted for full-time programs only in 2010. New opportunities for fixed-amount grants in 2010 are:

***Full-time, Fixed-Amount Pilot:*** 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 Pilot:*** 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 the Notice of Funding Opportunity, the Application Instructions, and the AmeriCorps regulations before applying. These FAQs provide additional information to help you decide if want to apply for 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 the Corporation 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. 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).

**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 a living allowance of at least \$11,800.
- 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.

In addition, grantees are still subject to the Uniform Administrative Requirements and the Single Audit Act (if it is otherwise applicable). If necessary, the Corporation 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 full amount approved per MSY as they enroll members in the program.

For full-time and Professional Corps programs, the Corporation 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 should make sure they do not draw funds in excess of member hours served.

**Question 6: How will completion or 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 grants) or the number of hours 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 \$600 per MSY for a total of \$30,000 (50 MSY x \$600). You enroll 18 full-time and 54 half-time members. You may draw funds as follows:

18 full-time members x \$600 =	\$10,800
54 half-time members = 27 MSY x \$600 =	<u>\$16,200</u>
<b>Final Grant Amount:</b>	<b>\$27,000</b>

Full-Time and Professional Corps Programs: Although the fixed-amount grants will be awarded based on a certain amount per MSY, the Serve America Act does require 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
<b>Final Grant Amount:</b>		<b>\$240,102</b>

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 $\times$ \$12,000 =	\$300,000
<b>Final Grant Amount:</b>		<b>\$327,840</b>

Over the course of the year, Program B accessed a total of \$345,000 from the HHS Payment System. Based on hours served, the grantee is only entitled to \$327,840 of the amount drawn and must reimburse \$17,160 by returning the money to the HHS Payment Management System.

**Question 7: Under my program members serve more than 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.

**Question 8: 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 may use program income to meet the costs not covered by the grant. However, if your level of program income plus the amount of your grant exceed the costs of running the program, the Corporation may have to make adjustments to your award.

**Question 9: What kind of slot conversions can I do under a fixed-amount grant?**

**Answer:** The statute only allows the Corporation to award fixed-amount grants for full-time members in fiscal year 2010. Therefore, Full-time and Professional Corps fixed-amount grantees may **not** convert slots. 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 10: 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. You must still monitor your subgrantees to ensure they are meeting the AmeriCorps requirements and review their A-133 audits for any relevant issues.

**Question 11: 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. At the end of the grant, you will submit the equipment and supplies forms and the certification that subgrants are closed, if applicable.

**Question 12: If I have a program with both full-time and less-than-full-time members can I apply for both?**

You may apply for both, but the applications must be separate and you will receive two separate grants. As a result, you will have to ensure your financial system can properly segregate the funds to account for them separately.