**Frequently Asked Questions**

**Fund Raising and Adult Education Grants**

**BACKGROUND**

RIDE-funded adult education programs must follow all applicable OMB Cost Principle circulars:

1. OMB Circular A-87 for State, Local, and Indian Tribal Governments [2 CFR, Part 225]
2. OMB Circular A-122 for Nonprofit Organizations [2 CFR, Part 230]
3. 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.**

***1. Is this a new requirement?***

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

***2. 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 adult education program staff whose salaries and benefits are charged as direct costs to the RIDE grant may not engage in “organized fund raising” on behalf of the sponsor organization. Such costs must not be charged to the RIDE grant or included as part of the program’s matching funds.

***3. At our program there is no alternative to the grant funded program director devoting some time to fundraising. 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 program 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 to the RIDE grant budget and FSR (either as federal costs or non-federal share). 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.

Reminder: You must keep appropriate time and effort records to support your cost allocation.

***4. 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:

1. Conducting a financial campaign or endowment drive
2. Soliciting specific gifts or bequests

Applying for grants and support from local community foundations, such as the United Way

***5. What staff activities will NOT be considered “organized fund raising” under the OMB cost principles?***

Program 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:

1. Negotiate a grant budget following approval of a grant application
2. Inform community organizations and leaders about the project, its activities and accomplishment

Negotiate as part of a Memorandum of Understanding with another organization

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

***6. May project staff charge time spent preparing continuation applications to the current grant?***

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

***7. 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.

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

No. The federal statute prohibits such activities.

***9. May a program director accept an unsolicited donation for the program on behalf of the sponsor?***

Acceptance of an unsolicited donation is not considered fund raising.

***10. May program volunteers who serve on the Board of Directors or 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 program meet its administrative and program responsibilities including fund raising.

***11. As a program director, may I charge to the grant the time I spend participating in internal discussions of the program budget?***

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

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

Yes, professional development time, including grantwriting and fundraising workshops is an allowable cost.

***13. Our adult education program is not funded with federal funds. Are we subject to the same restrictions on fund raising by staff?***

Yes. State and local education funding sources are considered “sub grants” of federal funds. Sub grants financed under a federal grant program are subject to the same OMB Cost Principles.

***14. May we use federal funds to support the time staff dedicates to reporting requirements of other grants supporting our adult education program?***

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

***15. May we join other program directors in a group or consortium specifically to solicit funds for a grant?***

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