Overview
In December 2018, the final rule, with updates to Senior Corps program regulations (45 CFR 2551, 45 CFR 2552, 45 CFR 4553), was published in the Federal Register. Updates to program rules will be effective for all Senior Corps programs on January 31, 2019. The updated regulations eliminate the “Direct Benefit Ratio rule” also known as the “80/20” rule (45 CFR 2552.92(e) and 45 CFR 2551.92(e)) for FGP and SCP. This document provides more information on this change. For information on all the changes implemented by the Final Rule, see the Final Rule itself or Senior Corps’ Final Rule Headquarters.

What Specifically Changed with Regards to This Regulation?
The updated regulations eliminate the Direct Benefit Ratio rule, which required that a sum equal to at least 80 percent of the amount of the Federal share of the grant award be expended on cost reimbursements that are provided directly to volunteers, such as stipend payments, transportation reimbursements, meals, and recognition. Essentially, the previous rule required that a sponsor expend a sum equal to 80% of the total budget on expenses directly benefitting SCP and FGP volunteers. Therefore, with the elimination, FGP and SCP sponsors are no longer unnecessarily restricted and are better positioned to base budget projections on their local program needs.

What Is the Purpose of These Changes?
CNCS eliminated this rule after considering existing budget controls, such as the match requirement, the restriction on reallocation of Volunteer Service Year (VSY) funding, the Office of Management and Budget (OMB) Uniform Guidance applicable to all federal grant awards, and the maximum cost per VSY requirement that all SCP and FGP grants must achieve. In addition, CNCS has received strong feedback from many stakeholders who voiced challenges associated with previous budget requirement (80/20 rule). In the past two years alone, Senior Corps had gathered feedback from stakeholders, including Senior Corps Project Directors and Senior Corps volunteers. Perhaps most notably, during the Senior Corps Focus Groups Event held in Washington, D.C. in January 2017, a key challenge that emerged from this project was that participants were concerned that rising administrative costs, such as costs associated with National Service Criminal History Checks, with no accompanying flexibility in the Direct Benefit Ratio rule made the rule increasingly difficult to meet. Another challenge voiced was that the administrative burden needed to comply with the Direct Benefit Ratio rule, along with other program rules and federal regulations, restricted a sponsor’s ability to focus on the delivery of high quality program services.

The Direct Benefit Ratio rule was intended to control spending on administrative costs. However, CNCS has found that the rule no longer achieves this goal. Rather, the rule constrained local control of project design and innovation, and added a layer of complexity to grant awards that was unnecessary and unduly burdensome. By eliminating the Direct Benefit Ratio rule requirement, it relieves the administrative and budgetary pressures associated with the rising cost of program administration and gives sponsors increased flexibility with budget expenditures.

Other Regulatory and Policy Considerations
As noted above, there continue to be applicable regulations and policies in place related to budgetary spending for SCP and FGP sponsors, including the following:
• CNCS still requires that grantees match at least 10 percent of the total project cost for SCP and FGP projects (45 CFR 2551.92, 45 CFR 2552.92).
• Sponsors must request prior CNCS approval if seeking to reduce the funding that is allocated to volunteer stipends (45 CFR 2551.93, 45 CFR 2552.93).
• SCP and FGP grants are subject to the OMB Uniform Guidance, as established by the Office of Management and Budget (2 CFR Part 200 and 2 CFR Part 2205).
• Grantees have CNCS terms and conditions that apply to their SCP and FGP projects. They are located here: https://www.nationalservice.gov/resources/financial-management/terms-conditions-and-certifications-assurances-cnsc-grants.
• CNCS has an established policy that defines a maximum cost per VSY. The maximum cost per VSY is linked to service activity in outcome-based assignments. By setting a maximum cost per VSY in outcome-based assignments, sponsors are given increased flexibility in budgeting according to local needs. CNCS, in turn, retains a strong internal control to ensure that quality services at satisfactory and higher levels are delivered to the community.

Things to Consider for Implementation
The elimination of this requirement may provide programming opportunities for grantees to consider going forward, especially when considering some of the other updated regulations that also increased flexibility and reduced burden. For example, grantees could consider this requirement in conjunction with the other regulation changes of the reduction in ongoing in-service training hours (45 CFR 2551.23 (f) and 45 CFR 2552.23(f)) and the reduction of the minimum required hours of service (45 CFR 2551.51 and 45 CFR 2552.51) as the flexibility in these volunteer hours requirements allows grantees to make decisions on their local needs. We believe that considering these regulatory updates together provides the unique opportunity for grantees to take a renewed look at their community needs and community partners, to reassess costs of recruitment and retention of volunteers, and to consider expanding volunteer opportunities.

Questions?
If you have any questions about this updated requirement, please reach out to your CNCS Program Officer or email SCFinalRule@cns.gov.