

## **Frequently Asked Questions**

### **Distribution of the AmeriCorps Living Allowance**

**Background and Rationale:** The Corporation issued clarifying guidance to address findings in recent audits and answer questions from grantees related to how programs should pay the AmeriCorps living allowance. As noted in the grant provisions, the living allowance is not a wage.

“The living allowance is designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program. Programs must not pay a living allowance on an hourly basis. It is not a wage and should not fluctuate based on the number of hours members serve in a given time period. Programs should pay the living allowance in increments, such as weekly or bi-weekly.”

It has come to the Corporation’s attention that some programs are providing the full living allowance to a member who completes his or her required hours before the end of the agreed-upon term of service. For example, a member completes 1700 hours in 9 months instead of the program’s anticipated 11-month term of service, and the program, which typically provides the living allowance in semi-monthly allotments, pays the remaining 2 months of the living allowance as a lump sum payment as the member exits the program. In other instances, a member who starts late receives a “catch-up” amount for the first three months so that the member will receive the same living allowance as other members who started earlier but will end at the same time.

Neither of these two scenarios reflects the intent of the living allowance distribution guidance. The living allowance is “designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program.” In addition, members who complete hours on an abbreviated schedule may be depriving the service site of important service it needs for the expected term of service.

A member, who completes his or her service early or starts service late, should receive the portion of the living allowance that would be provided for that period of participation under the program’s living allowance distribution policy. The amount should not vary based on number of hours served during a particular time period. For example, if the program is designed to run for 11 months, and the living allowance is paid monthly, a member who starts in the second month will receive 10/11ths of the total living allowance, unless the member serves a month longer than the members who started in the first month of the program.

The member contract should reflect that the living allowance is provided for expenses while serving and should not be linked to completion of 1700 hours. The contract should specify how the living allowance is distributed (e.g. bi-weekly, semi-monthly), and in what increments, and should note that members will receive the living allowance as long as they are serving. The contract should also delineate the expected term of service (e.g. 10 months, 12 months).

The Corporation published the clarified Provision Section IV. I. on September 6, 2005. The Director of AmeriCorps sent out a memo of explanation on October 18, 2005 to clarify the start date:

“We recognize that the timing of this clarification may have created problems for some programs. We want to be very clear on the effective date. The change is effective as of September 6, 2005. Programs that signed contracts or enrolled members prior to September 6, 2005 based on agreements that do not conform to the new provisions may follow their existing written policies and contract agreements until new contracts are executed.”

A conference call was conducted to discuss the clarified Provision on Friday, November 18. One action item from this call was to develop the following FAQ document.

- 1. What happens if a half-time member finishes early?** If a half-time member receives a living allowance, the same rules apply as for a full-time member who leaves the program early. The member should not get a lump sum payment for the balance of the living allowance if the member completes the required hours before the end of the agreed-upon term of service.
- 2. Can we change a member’s contract so the member serves less than the full term and provide the full living allowance?** If your program design is for a specified period for all members, you should specify in the contract how the living allowance will be paid out. You cannot change an individual member’s contract so he or she receives a higher living allowance than other members who will serve for the full period. For example, if your program design is for 10 months of service, the living allowance for that year is \$10,600, and you choose to provide it on a monthly basis, each member would receive \$1,060 per month for 10 months. A member who completes the required hours in nine months would only receive 9/10s of the living allowance, or \$1,060 per month for 9 months. This applies only to a program with fixed start and end dates. Other programs can choose to have a member serve an additional month at the end if the member starts the program a month late.
- 3. How does this affect the minimum member living allowance?** If a member does not serve the full term of service, the member will not receive the full minimum living allowance.
- 4. Can a member in an 11-month program who starts in month 2 serve the extra month at the end and receive the whole living allowance?** Yes – if the program’s design allows it to extend the member for an extra month, the program may do so, and pay the member the entire living allowance.
- 5. How does this provision affect a program with a set end date?** If a program has a set end date, and cannot extend its members beyond that set end date, it may only provide its members with a living allowance through the set end date of the program. If a member starts late, the member will necessarily serve an abbreviated term of service, and may only receive the living allowance in regular increments through the end of the program year.
- 6. What about the impact on commissions? How are we expected to maintain and keep our contracts open longer to allow members who start late to serve a full term in order to receive the full living allowance?** This should have no impact and commissions should follow their own state granting or contracting requirements. For example, if a member starts in month 3

of the program’s contract period, the period could still end in 12 months and the member could complete service in the next contract period.

**7. Can we meet last year’s program obligations with this year’s admin/operating funds?**

Yes, this is already common practice. Many programs have rolling admission and members who start in one year, complete in the next as a matter of course. The staff costs for supervising those members are current costs.

**8. The members in our program routinely complete their hours before the end of the 12 month program period, and our program design does not necessitate their staying until the end of the 12 months. Can we change our program design?**

Yes, a full-time term of service must be between 9 and 12 months, during which members must serve at least 1700 hours. Within those parameters, a program should design its term of service to best meet the needs of the community. Programs that work in schools during the academic year only, for example, might have a 10-month program.

**9. We pay our living allowances on a monthly basis. How should we handle situations in which members come on board late in the month or exit early in the month at the end of their term?**

You should establish a written policy that is reasonable. For example, if a member comes on board within the first two weeks of the month, you might set policy that gives them the entire living allowance. If they start service later than that, you could prorate the amount based on the number of days in the month they will serve. The same would hold true for the end of service. If they leave within the first two weeks of the month, their living allowance is based on the number of days in the month they served. If they serve over the 2-week cut-off, they would get the full living allowance. You can establish different cut-off points as long as they are reasonable, documented in policy and followed consistently.

**10. Can you give us examples of how the living allowance distribution policy could play out for members that start at different times?** See the chart below.

The program design is a 10-month program with a living allowance of \$10,900, paid on a monthly basis of \$1,090 per month.

<b>Member Situation</b>	<b>Length of Service</b>	<b>Amount per Month</b>	<b>Total Living Allowance Provided</b>
Member A starts and finishes on time	10 months	\$1,090	\$10,900
Member B starts on time and finishes early	9 months	\$1,090	\$9,810
Member C starts late and finishes late	10 months	\$1,090	\$10,900
Member D starts on time and finishes late	11 months	\$1,090	\$10,900
Member E starts late and finishes on time	9 months	\$1,090	\$9,810