Important Information About Sequestration

As you are likely aware, Congress has failed to reach a deal on balanced deficit reduction to avoid the across-the-board budget reductions commonly known as “sequestration.” Thus, the President was required by law to issue a sequestration order. This order cancels approximately $85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year.

Given your relationship with the Corporation for National and Community Service, we wanted to provide you with information about how these unfortunate budget cuts will affect our programs.

CNCS’s senior leadership team has engaged in extensive planning efforts to mitigate the effect of these cuts. In planning how to implement a possible sequestration, our guiding principle has been to protect the ability to perform our core mission on behalf of the American people. While these types of cuts are painful, we have carefully considered how to use the various tools at our disposal to reduce costs and mitigate to the extent possible the disruption to our operations, to our programs, and to all of you.

The information below describes the potential impacts of sequestration for the current Senior Corps Grantees.

Impact on RSVP Projects

Sequestration would likely result in the relinquishment of approximately 34 Retired Senior Volunteer Program (RSVP) grants, ending the service of nearly 13,450 volunteers in 1,900 community organizations. This means that approximately 69,000 hours of independent living services and 81,000 service hours in nutrition and food security would be jeopardized.

The funding impact of sequestration on existing and new RSVP projects in FY 13 is minimized for this year as CNCS management implemented several cost containment strategies in FY 12 (i.e. forward funding new RSVP grantees for 18 months in September 2012). These strategies were implemented acknowledging the importance of the FY 2013 RSVP competition, and that the RSVP program took a 20% reduction in FY 11. Consequently, for FY 13 (October 2012 thru September 2013) only, new awards recently announced in the RSVP FY 13 competition and continuation awards will be funded for 12 months at FY 12 effective (last year’s) levels.

Impact on Foster Grandparent Program & Senior Companion Program Grantees

As a result of sequestration, communities would experience a reduction in services made by more than 28,000 Foster Grandparents and 14,000 Senior Companions.

- The reduction in volunteer hours caused by sequestration would result in 9,200 children not benefiting from Foster Grandparent volunteer services, while many more children would
see services reduced.

- The reduction in volunteer hours caused by sequestration would cause 1,650 clients to lose Senior Companion volunteer services, while many other seniors would see services reduced.

Sequestration’s across the board spending cuts will have an impact on all Foster Grandparent programs and all Senior Companion Programs. Corporation State Offices will work with you to develop your revised budget, to include waivers for the “80/20 rule”. The sequestration reduction amount of 5 % will be absorbed in the following manner:

1) All existing FGP and SCP grantees will see an estimated 4% reduction in their grant amount. For example: An FGP or SCP grantee with a FY 12 (last year) base funding level of $100,000 will receive a grant in the amount of approximately $96,000 (a reduction of $4,000). Grantees will have the flexibility to absorb this reduction in any line item(s) on the FGP or SCP budget.

   a. For grantees with a January 1, 2013 start date, you received 4 months of funding at the full FY 12 level in December. This sequestration reduction would be applied to the total baseline funding in FY 12 and your amended budget for the remaining 8 months would reflect the reduced amount for 12 months. In the example above, the initial 4 month award was $33,300. The remaining award, pending a final appropriations bill in FY 2013, will be an additional $62,700 for a total 12 month award of $96,000.

   b. For grantees with an April 1, 2013 start date, you will receive 3 months of funding at the full FY 12 level in April, in order for your project to make the necessary adjustments to provide services at a the reduced sequestered level over the next 12 months. The sequestration reduction would be applied to the total baseline funding in FY 12 and the amended budget for the remaining 9 months would reflect the reduced amount for 12 months. In the example above, the initial 3 month award will be $25,000. The remaining award, pending a final appropriations bill in FY 2013, will be an additional $71,000 for a total 12-month award of $96,000.

   c. For grantees in the July 1 and later cycles, your grant award will reflect the reduced level and will be funded at a monthly rate at 96% of the FY 12 base funding level. The total 12 month award, pending a final appropriations bill in FY 2013, will be $96,000.

2) CNCS will continue to enforce the freeze on reallocation of unexpended volunteer service years (VSYs) and associated dollars.

3) CNCS will not re-compete any project areas for which a grantee has relinquished funding. We would instead seek to use these unobligated funds to mitigate, to the extent possible, the disruption to our remaining programs.

As we stated above, in planning how to implement a possible sequestration, our guiding principle has been to protect the ability of our grantees to serve their communities. While these types of cuts are painful, we will continue to consider how to use the various tools at our disposal to reduce costs and mitigate to the extent possible the disruption to your grants.

Sincerely,

Erwin Tan MD
Director, Senior Corps