

**Promise Neighborhoods
Frequently Asked Questions ADDENDUM #4
June 2, 2010**

Please note that the following FAQs are an addendum to the FAQs published on May 25, 2010. The FAQs below have been incorporated into the relevant sections of the May 25, 2010, FAQs, and the revised document is also now posted on the Promise Neighborhoods website at <http://www2.ed.gov/programs/promiseneighborhoods/faq.html>.

B. Eligible Applicants and Partners

B-15. Has the Department established any limits or restrictions on the number of applications that a single entity may submit or the number of applicants that a single entity may partner with?

No. The Department has not established any limits or restrictions on the number of applications that a single entity may submit or partnerships in which a single entity may take part. However, the Department will not provide funding to support the implementation of duplicate projects or pay for the same costs more than once.

C. Priorities

C-18. Where can applicants find a list of the persistently lowest-achieving schools identified by their State?

Information regarding the persistently lowest-achieving schools for a number of States can be found at the following Department Web site: <http://www2.ed.gov/programs/sif/summary/index.html>. This list includes only those States whose School Improvement Grant applications have been approved by the Department; applications from other States are currently under review and will be added to the Web site as they are approved. Applicants from States whose applications are not provided on this Web site should contact their State educational agencies directly for this information.

C-19. Is an eligible applicant required to partner with a target school that is a persistently lowest-achieving school or a low-performing school?

An eligible applicant must partner with at least one target school described in paragraph 2(a)(i), 2(a)(ii), or 2(a)(iii) of Absolute Priority 1. This school may be a persistently lowest-achieving school, a low-performing school, or an effective school (all as defined in the notice). In cases where an eligible applicant operates or partners with a school that does not serve all students in the neighborhood, the applicant must partner with at least one additional school that serves students in the neighborhood.

C-20. Is an eligible applicant required to identify in its application the organizations that will provide each of the solutions in the continuum of solutions?

Yes. As part of the description of how the applicant will plan to build a continuum of solutions, the applicant must identify one or more partners that will participate in the implementation of each solution (in any case in which the applicant will not implement the solution directly).

D. Target Population and Neighborhood

D-6. As described in the notice, one indicator of academic need is that all or a portion of a neighborhood includes or is within the attendance zone of a low-performing school that is a high school, especially one in which the graduation rate (as defined in the notice) is less than 60 percent. Does this mean that eligible applicants are required to propose to serve a geographic area that includes the attendance zone of a high school in which the graduation rate is less than 60 percent?

No. However, an eligible applicant must propose to serve a geographically defined area in which there are multiple signs of distress based on indicators of need (as defined in the notice), which include both academic and family and community support needs, as well as other relevant indicators. One of the indicators of academic need that an applicant may include in its description of need is that all or a portion of a neighborhood includes or is within the attendance zone of a low-performing school that is a high school, especially one in which the graduation rate (as defined in the notice) is less than 60 percent.

E. Project Design

E-11. Will selected grantees be required to plan to implement the exact continuum of solutions described in their planning grant applications, or may they adapt their proposed solutions in response to the needs assessment, segmentation analysis, and other activities that take place during the planning year?

The Department recognizes that applicants will be at different points of readiness, in terms of developing a plan, when they apply for a planning grant. As part of their proposal to plan to build a continuum of solutions, applicants must propose solutions that the applicant will plan to implement in the geographic area proposed to be served, describe the evidence supporting each solution, and propose one or more partners that will participate in the implementation of each solution (in any case in which the applicant does not implement the solution directly). During the planning year, applicants will develop a plan to deliver the continuum of solutions that addresses the challenges and gaps identified through the needs assessment and segmentation analysis. The Department expects that grantees will use data gathered from these activities to inform decision-making and manage implementation of the solutions proposed in the planning application.

G. Allowable Activities

G-7. What is the difference between direct costs and indirect costs?

As described in OMB Circular A-122, which applies to nonprofit organizations, direct costs are those that can be identified specifically with a particular final cost objective. As described in OMB Circular A-21, which applies to institutions of higher education (IHEs), direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Indirect costs, by contrast, are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Indirect costs represent the expenses of doing business that are not readily identified with a particular grant project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

For the full text of OMB Circular A-122, which applies to nonprofit organizations, *see* http://www.whitehouse.gov/omb/circulars_a122_2004/#ab. For the full text of OMB Circular A-21, which applies to IHEs, *see* http://www.whitehouse.gov/omb/circulars_a021_2004/#d.

G-8. May an applicant include indirect costs in its budget request?

Yes. The amount of indirect costs, if an applicant chooses to request them, should be noted on line 10 of Section A of ED Standard Form 524, which is included in the Promise Neighborhoods application package. In addition, as described in the application package, applicants requesting reimbursement for indirect costs should specify in their budget narrative (a) the estimated amount of the base to which the indirect cost rate is applied, (b) the total indirect expense, (c) which costs are included as indirect costs, and (d) which costs are excluded from the base to which the indirect cost rate is applied.

G-9. What must a grantee do in order to claim indirect costs under its Promise Neighborhoods planning grant?

Under 34 CFR 75.560(b), a grantee, if it has not already done so, must obtain a current indirect cost rate from its cognizant Federal agency in order to charge those costs to its grant. The cognizant Federal agency is generally the Federal department or agency providing the grantee with the most Federal funding subject to indirect cost support (or an agency otherwise designated by OMB).

For additional information about obtaining an approved indirect cost rate or applying for an indirect cost rate, contact the Department's Office of the Chief Financial Officer at (202) 377-3909 or (202) 377-3838.

G-10. If, at the time it receives its Promise Neighborhoods planning grant award, a grantee does not have an indirect cost agreement with its cognizant Federal agency, must it submit its indirect cost proposal to its cognizant Federal agency within a certain timeframe?

Yes. A grantee that does not have an indirect cost agreement must submit an indirect cost proposal to its cognizant Federal agency within 90 days of receiving its grant award notification. 34 CFR 75.560(b).

G-11. May a grantee that does not yet have an approved indirect cost rate charge indirect costs to its grant?

A grantee that does not have a federally recognized indirect cost rate agreement may charge its grant for indirect costs at a temporary rate of 10 percent of budgeted direct salaries and wages. 34 CFR 75.560(c). However, a grantee that does not submit an indirect cost proposal to its cognizant Federal agency within 90 days of receiving its grant award notification, will not be allowed--absent exceptional circumstances as determined by the Department--to charge indirect costs to its Promise Neighborhoods planning grant until it obtains a federally recognized indirect cost agreement. 34 CFR 75.560(d).

G-12. Is the Promise Neighborhoods planning grant competition subject to a restricted indirect cost rate?

No, there is not a restricted indirect cost rate for the Promise Neighborhoods planning grant competition.

I. Matching Requirement

I-8. Is there a limit on the amount of in-kind donations an eligible applicant may count toward the matching requirement?

No. An eligible applicant may meet the matching requirement using funds or in-kind donations from non-Federal sources and is not limited in the amount of in-kind donations it may count toward the matching requirement.

I-9. May an eligible applicant count toward the matching requirement funds or in-kind donations expended or used prior to receipt of a Promise Neighborhoods planning grant?

No. In order to count toward the matching requirement, funds or in-kind donations must be expended or used during the planning year, which begins when the planning grant is awarded. However, an eligible applicant may count existing funds or in-kind contributions toward the required match so long as: (a) these funds or in-kind contributions are reallocated in support of the planning process, (b) the eligible applicant can provide appropriate evidence of this commitment; and (c) these funds or in-kind contributions are expended or used during the planning year.

I-10. May volunteer services count toward the matching requirement?

Yes. Volunteer services may count as an in-kind contribution under EDGAR. For nonprofit organizations, including IHEs as defined in section 101(a) of the HEA, 34 CFR 74.23 (d) and (e) provide the following:

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services must be consistent with those paid for similar work in the recipient's organization. In those instances in which the

required skills are not found in the recipient organization, rates must be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

K. Application Process

K-4. How should applicants organize their project narrative? Is the table of contents included in the 40-page limit?

The Department strongly recommends that applicants include a table of contents for their project narrative and address each of the selection criteria and requirements from Absolute Priority 1 in the order in which they are described in Table 3 of the notice. After addressing the selection criteria, applicants may address the invitational priority, if applicable. The table of contents will be counted toward the 40-page limit for the project narrative.