



April 7, 2017

TO: Jennifer Bastress Tahmasebi,
Acting Director of AmeriCorps

FROM: Stuart Axenfeld
Assistant Inspector General for Audit

SUBJECT: Fixed Award Grants to Teach for America;
Funds Could Be Put to Better Use

Background

Teach for America (TFA) is community-based non-profit organization that is headquartered in New York, New York. TFA is dedicated to building a national corps of recent college graduates of all academic majors, who commit to two years to teach in under-resourced public schools. The organization recruits and selects graduates who meet high standards, trains them in an intensive summer program, places them in urban and rural school districts, and coordinates a support network for them during the two years they commit to teach. The table below presents the Corporation's fixed awards (Professional Corps Grants) that have been awarded to TFA since 2010.

Agreement	Member Service Years	Cost per Member	Total Award
07NDHNY003	16,137	\$652	\$ 10,520,070
10EDHNY002	17,827	\$1,722	\$ 30,698,094
13EDHNY003	14,598	\$800	\$ 11,302,800
16EDHNY002	3,447	\$500	\$ 1,723,500
Totals	52,009		\$ 54,244,464

Observation: TFA Does Not Appear to Have Financial Need or Substantial Challenges to Raising Non-CNCS Resources

According to the 2016 NOFO¹, the criteria for Professional Corps grants include “significant organizational financial need and substantial challenges to raising non-CNCS resources.” At page 20, the NOFO states: “CNCS will consider requests for operating funds of up to \$1,000 per MSY if an applicant is able to demonstrate in its narrative and supporting budget materials significant organizational financial need and substantial challenges to raising non-CNCS resources.”

Our review of the grant documentation for TFA and our meeting with Corporation staff provided no evidence or analysis to demonstrate that TFA had or has “significant organizational financial need” or “substantial challenges to raising non-CNCS resources” for its program in recent years. Public information demonstrates that TFA is well resourced. According to its financial statements, TFA has an endowment that approaches \$200 million.

Fiscal Year End	Endowment Amount	Total Expend on Federal Awards	Total Revenue
FYE 2011	\$117,494,011	\$30,489,626	\$270,067,562
FYE 2012	\$160,800,743	\$51,987,748	\$319,400,413
FYE 2013	\$199,348,112	\$27,821,222	\$210,437,430
FYE 2014	\$162,329,225	\$41,894,192	\$360,573,112
FYE 2015	\$179,896,330	\$32,306,543	\$318,017,875
FYE 2016	\$176,617,046	\$16,416,058	\$291,931,899

This endowment generates substantial income for TFA. For example, the FY 2016 Single Audit shows that as of the end of FY 2016 the Organization had investments exceeding \$266 million. The table above also shows the total revenue for TFA often exceeded \$300 million with federal expenditures being a decreasingly smaller part of the total.

Given TFA’s financial strength, the size of its income-generating endowment and its history of fundraising success, we see no basis to conclude that TFA’s narrative, budget or other grant application materials demonstrate either organizational financial need or challenges to fundraising from other sources, within the meaning of the NOFO. Accordingly, you may wish to consider whether it would be appropriate to continue to award fixed-amount operating funds to TFA, or whether another less-resourced non-profit organization could put those funds to better use.

In addition, we understand that the pre-award financial review performed by the Office of Grants Management (OGM) focuses on whether the grantee has sufficient resources to provide adequate assurance that CNCS funds will not be wasted. OGM does not assess whether the grant application demonstrates significant organizational financial need or substantial fundraising challenges to support an award of fixed-amount operating funds, as contemplated by the NOFO. We have found no evidence that anyone at CNCS performs an analysis pursuant to this provision of the NOFO.

¹Notice of Funding Opportunity (NOFO), “AmeriCorps State and National Grants FY 2016” - CFDA Number: 94.006

If you have any questions pertaining to this letter, please contact James Berry Schneck, Audit Manager, at (202) 606-9357 or j.schneck@cncsoig.gov; or me at (202) 606-9360 or s.axenfeld@cncsoig.gov.

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