

Crofton, Maryalice

From: Davis, Rebecca <RDavis@americorps.gov>
Sent: Wednesday, January 3, 2024 2:45 PM
To: Crofton, Maryalice; Commission, Service
Cc: Bastress Tahmasebi, Jennifer; Glazier, Robert; Monitoring
Subject: OIG ROI 2019-030 - Axiom Education & Training Center

EXTERNAL: This email originated from outside of the State of Maine Mail System. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Maryalice,

The AmeriCorps Office of Inspector General (AmeriCorps OIG) investigated allegations of fraud, a poorly administered AmeriCorps Program, and wrongful termination of an AmeriCorps member at Axiom Education and Training Center (AETC), located in Machias, ME. The investigation did not find evidence sufficient to support the wrongful termination allegation. AmeriCorps OIG, however, found that AETC staff made false statements in its AmeriCorps grant application to Serve Maine (the Commission), and that AETC mismanaged the AmeriCorps Digital Inclusion Initiative (ADII) AmeriCorps Program. Based on the details contained within this report, AmeriCorps OIG recommends that AmeriCorps State and National (ASN) take actions delineated below, including disallowing all AmeriCorps grant funds awarded to AETC.

Background

AETC is a non-profit organization that provided adult education and digital literacy programs in Maine. AETC created the ADII to teach digital literacy to disadvantaged populations, such as the poor, unemployed, underemployed, and elderly. The goal was to help the disadvantaged populations participate in the online economy, improve employability, gain access to information, and reduce isolation. On August 6, 2018, AETC was awarded an AmeriCorps state grant (18AFHME0010002) to support the ADII. The period of performance for the first grant year was August 15, 2018, to August 14, 2019, but was later extended to September 30, 2019. On July 29, 2019, AETC informed the Commission that it did not intend to renew its AmeriCorps grant for grant years 2019 through 2021. On November 1, 2019, AETC closed out its 2018-2019 grant. According to the Commission, AETC received \$181,008.19 in AmeriCorps funding during that grant year.

Allegations

AmeriCorps OIG investigated allegations that AETC staff (1) poorly administered the ADII AmeriCorps Program, (2) billed non-AmeriCorps travel to the ADII program, and (3) wrongfully terminated the member from ADII program after she complained about the way the program was administered.

Summary of Investigation

According to its grant application and budget narrative, AETC intended to recruit 16 full-time members to teach digital literacy classes to disadvantaged populations in eight of Maine's 16 counties. After completing training on digital literacy, AETC expected its members to find service sites at local libraries and senior centers where they could teach digital literacy classes, conduct outreach, and recruit clients for the classes.

AETC's AmeriCorps grant application made the following affirmations related to its AmeriCorps program:

- AETC planned to supervise its members with six Regional Supervisors;

- AETC would partner with the Maine State Librarian (MSL) and 120 local public libraries to operate as service sites where members would provide digital literacy classes;
- Members would teach two (three-hour) digital literacy classes each day at different locations and spend an average of 21.25 hours per week delivering classroom instruction;
- Members would spend 80% of their time providing classroom instruction, recruiting volunteers, gathering data, and training volunteers;
- As part of its grantee match, AETC would provide approximately \$400,000 of computer equipment to the members so they could teach digital literacy classes; and
- AETC had an application pending with the U.S. Economic Development Administration (EDA) for \$885,000 in funding.

AmeriCorps OIG's investigation identified evidence suggesting that AETC made false statements in its AmeriCorps grant application and progress reports, as explained below.

1. False Statements in AETC's AmeriCorps Grant Application

Under 31 U.S.C. § 3802(a)(1)(A), any person who makes or submits a claim that the person knows or has reason to know is false is subject to a civil penalty. In addition, if a person makes or submits a written statement, or causes the written statement to be made or submitted, that the person knows or has reason to know asserts a material fact which is false, that is also subject a civil penalty. Further, AmeriCorps grant terms and conditions require that "[t]he recipient must comply with all [] applicable statutes, executive orders, regulations, and policies governing the award...."

AETC misrepresented the status of the EDA grant application in its ADII proposal. AETC's ADII Budget Narrative was included in AETC's May 29, 2018, AmeriCorps grant application and indicated that AETC had a pending EDA grant of \$885,000 to support the ADII. The OIG found that AETC did not submit its EDA grant application until July 29, 2019, almost a year after AETC's AmeriCorps State grant was awarded. The EDA grant was ultimately approved on September 27, 2019. Since ATEC did not submit its formal grant application to EDA or receive the funds until a year after it was awarded its AmeriCorps grant, ATEC did not have the EDA funding to perform the necessary functions of its AmeriCorps program at the time the AmeriCorps grant was awarded, such as hiring staff to supervise the members and purchasing laptops necessary for the members to perform their service, which AETC planned to claim as match funds.

Susan Corbett, AmeriCorps Program Manager at AETC, confirmed this finding. Corbett conceded to OIG investigators that AETC was not prepared to operate its AmeriCorps program during its first grant year because AETC did not receive an expected EDA grant until the end of that grant year. Corbett also acknowledged that AETC submitted its preliminary grant proposal to EDA in December 2018 – seven months after it submitted its AmeriCorps grant application –, and it did not submit its formal EDA grant application until the summer of 2019 – more than a year after submitting its AmeriCorps application. Corbett could not explain why AETC claimed in its May 2018 ADII Budget Narrative that EDA funds were pending when AETC's grant application to EDA was not submitted until well after it was awarded the AmeriCorps grant.

Corbett further claimed that she informed the Commission's Program Director several times that the EDA funding was delayed and without EDA funding, AETC would have difficulty operating the AmeriCorps program. Corbett could not provide evidence to support her assertion, explaining that she informed the Commission by phone. Corbett acknowledged that she should have

stopped the grant when she knew that she did not have the money to run the AmeriCorps program. The Commission, however, has no record of Corbett indicating that she needed to delay implementation of the program because of a delay in EDA funding. Corbett's assertion was contradicted by Maryalice Crofton, Executive Director of the Commission, who stated that the Commission had no record of Corbett expressing concerns or relaying the need to delay implementing the ADII because EDA funding was delayed. (Exhibits 6 - 9)

Allen Brigham, the EDA's Economic Development Representative for Maine, assisted ATEC with its EDA application. Brigham confirmed that ATEC began discussions with EDA in March 2018 to explore the possibility of obtaining an EDA grant to support the ADII. At the time, EDA had a twostep grant process: first submitting a grant proposal to EDA; and, if approved, submitting a formal grant application.

ATEC submitted its first draft grant proposal to EDA in September 2018 – four months after the AmeriCorps grant application was submitted. However, it was returned several times for adjustments. On December 10, 2018, ATEC submitted its formal grant *proposal* to EDA. On January 30, 2019, EDA approved the grant proposal and invited ATEC to submit a formal grant *application*. On July 29, 2019, ATEC submitted its formal grant application to EDA, which was approved on September 27, 2019. Brigham stated that during the grant application process, he never assured ATEC that its EDA grant application would be approved.

In addition, ATEC's AmeriCorps grant application indicated that it had partnered with 120 local libraries to act as service sites. In actuality, ATEC only obtained a letter of support from the MSL. The MSL had no authority or control over the local libraries and ATEC did not secure formal agreements with the local libraries for their use. Instead, ATEC left it to the members to find and secure the use of local libraries.

2. False Statements in ATEC's AmeriCorps Grant Progress Reports

ATEC continued to make false statements to the Commission regarding the status of its EDA funding after the AmeriCorps grant was awarded. ATEC reported in three of its five quarterly progress reports to the Commission that its EDA grant was delayed even though it had not yet submitted its grant application to the EDA. For example, the April to June 2019 quarterly progress report states that due to a delay in submitting the grant application because of the government shutdown, ATEC had not yet received all their expected funding. In actuality, ATEC did not submit its formal grant application until July 29, 2019. The government shutdown, on the other hand, took place between December 2018 and January 2019, lasting approximately 35 days, and could not have delayed approval because the submission occurred long after the shutdown ended.

ATEC Progress Report for 04/01/19 – 06/30/19:

One challenge that continues is that with the delay of submitting the EDA grant application to the U.S. Dept. of Commerce due to the government shutdown, we are still not fully funded. We do not anticipate funding until June 2019 once the grant application has been approved by EDA and approved. The critical line item in the budget is the purchase of mobile labs for each ACM. Until the funding is approved and received, the ACM's must hold classes in places that have public computers. This limits the locations where classes can be held.

Given the totality of the evidence, the facts support a finding that ATEC violated 31 U.S.C. § 3802(a)(1)(A). The evidence shows that key ATEC personnel knew that its grant application and

progress reports contained false statements indicating that EDA funding was pending. Similarly, the evidence shows that AETC's statements regarding the delay of the EDA grant due to the government shutdown and that it had partnered with 120 local libraries were false at the time they were made.

3. AETC Failed to Follow its Budget Narrative

AmeriCorps OIG identified evidence indicating that AETC made false claims in the ADII Budget Narrative. Specifically, the narrative states that Corbett and Marita Fairfield, the AmeriCorps Program Director at AETC, would spend 100% of their time and effort on ADII as grantee match. The OIG identified evidence to the contrary.

According to the grant terms and conditions, the recipient must obtain prior written approval before making substantial changes in the level of member supervision. Fairfield and Corbett both admitted they worked on other non-AmeriCorps projects even though the ADII Budget Narrative reflected that 100% of their time was listed as grantee match. In addition to her duties as the AmeriCorps Program Manager, Fairfield spent a portion of her time teaching digital literacy classes to individuals receiving benefits from Maine's Public Assistance programs. AETC was under contract with an organization called Fedcap to provide these digital literacy classes. ADII members occasionally shadowed Fairfield at Fedcap classes to learn how to teach. Corbett admitted that she spent about 20% of her time performing work supporting AETC's non-AmeriCorps programs. Fairfield and Corbett claimed they worked more than 40 hours a week but spent most of their time on ADII.

AmeriCorps OIG reviewed various documents from AETC pertaining to its Fedcap contract, staff travel, and Corbett's and Fairfield's timesheets. The review confirmed that between September 1, 2018, and October 3, 2019, AETC had a contract with Fedcap to provide computer and digital literacy classes to Fedcap clients. Corbett's timesheets revealed that Corbett claimed an average of about 49.5 hours of work each week. Of that amount, Corbett spent an average of 11.3 hours, or about 23%, of her time each week performing non-AmeriCorps work.

Fairfield taught 63 Fedcap classes on 42 separate days during the contract. Fairfield's timesheets show that she worked between 38.5 and 70 hours a week and averaged about 52.3 hours of work. Of that amount, Fairfield averaged about 8.8 hours, or about 17%, of non-AmeriCorps work each week. Between August 5, 2018, and October 3, 2019, Fairfield claimed she supported the ADII on 38 days that she conducted Fedcap classes. There were three instances where Fairfield's Fedcap class schedule did not reconcile with her timesheets, as the timesheets did not list any non-AmeriCorps hours performed that day. AETC's final Periodic Expense Report reflected that AETC expended \$213,856.85 in Grantee cash for personnel expenses (staff salary). However, a subsequent review of AETC staff timesheets and other supporting documents reflected that AETC only expended \$131,668.83 in staff salary in support of its AmeriCorps program. AmeriCorps OIG reinterviewed Corbett, who confirmed that AETC incurred \$131,668.83 in actual staff salary expenses that was claimed as match against the AmeriCorps grant. Corbett further stated that AETC claimed an additional \$82,188.02 as match for uncompensated overtime hours that AETC staff performed on the AmeriCorps grant.

Corbett said that she and Fairfield routinely worked more than 40 hours a week. However, since they were salaried employees, they did not receive additional compensation for extra hours of

work. AETC calculated the value of these extra hours that Corbett and Fairfield worked and claimed it as match along with the actual personal expenses that AETC incurred. Corbett claimed the Commission was aware of how AETC calculated its personnel expenses.

According to Fairfield, Corbett, and the members, the members: (1) served remotely without any direct supervision; (2) trained themselves on digital literacy; (3) marketed the program; (4) looked for and negotiated the use of service sites; (5) recruited clients to serve; and (6) taught digital literacy classes. Besides approving timesheets and submitting progress reports, it was not clear what meaningful AmeriCorps work Fairfield and Corbett performed after the program began that required them to work more than 40 hours a week. Based on the information in this report, AmeriCorps OIG questions the time and effort that Fairfield and Corbett worked on the AmeriCorps grant.

4. Program Mismanagement

The evidence also supports a finding that AETC was not ready to execute the AmeriCorps grant. AETC did not find sites and clients for its members as indicated in the grant application. Instead, during the first half of the grant year, members spent most of their time taking free online, selfpaced, digital literacy classes and conducting assessments of their digital skills. Some members occasionally shadowed Fairfield when she taught classes for another AETC program so they could learn how to teach classes. Members also marketed the program and searched for service sites and clients. Members indicated that they had a hard time finding service sites and clients because of their remote, rural locations. Many of the libraries and senior centers declined to allow members to use those locations. Some sites were unsuitable because they lacked computers or classroom space. Some of the potential clients were not interested in the classes offered.

Further, AETC was unable to provide the necessary tools for the members to serve in the program, did not provide essential training, and lacked the computers and audio-visual equipment (mobile labs) necessary for members to conduct classes. Without the mobile labs, members were restricted to sites where computers were already available. As a result, most members did not start teaching classes until January 2019, three months after their service began. Members only completed a few classes by the AmeriCorps OIG site visit in May 2019. Many members admitted they had limited computer skills when they started the program. Contrary to the grant application, all members who spoke with the OIG confirmed they served from home and were supervised virtually by Fairfield via phone, text, email, and Google Hangouts, but they rarely saw Fairfield in-person.

AETC staff collectively reported that ADII got off to a slow start because the AmeriCorps grant was approved in August 2018 and AETC only had two months to recruit members before the program began on October 4, 2018. The short recruitment window forced AETC to accept members with limited computer skills. AETC intended to purchase mobile labs for each member and hire Regional Supervisors; however, this never came to fruition because the EDA grant was reportedly delayed. The members were expected to find their own service sites, which slowed getting the program off the ground. The program was still in development during its first six months and members spent most of their time conducting outreach and taking digital literacy classes and assessments.

The Commission confirmed that AETC was ill-prepared to run its AmeriCorps program. Crofton stated that AETC should have been better prepared to manage its AmeriCorps grant, as the

Commission started providing technical assistance to AETC in September 2017, ten months before AETC's grant was approved. Crofton acknowledged that as a new grantee, AETC could not start member recruitment through the My AmeriCorps Portal until shortly before the grant started. However, the Commission informed AETC that it could begin early recruitment utilizing commercial recruitment websites. AETC did not notify the Commission that its EDA funding was delayed until its second progress report, submitted several months after the ADII started, and it never requested to delay the program's start date. The ADII program should not have still been under development because the public notice, RFP and grant agreements clearly stated that AETC received an operating grant, not a planning grant. The RFP also stated that grantees should have the necessary resources to operate the grant and the grantee should inform the Commission of developments or delays that have a significant impact on funding activities. AmeriCorps financial guidance did not require secured funding before the grant was awarded.

Recommendation

In order to resolve this, ASN is requesting that Volunteer Maine

1. Disallow all \$181,008.19 in AmeriCorps grant funds awarded to AETC.
2. Review pre-award training materials to ensure that new grantees clearly understand the responsibilities, expectations, and realities of operating an AmeriCorps program. This should include:
 - a. Informing and confirming prospective grantees have the necessary resources to cover critical aspects of the program and that they are expected to be ready to implement the program shortly after the grant is awarded.
 - b. Informing grantees that they must notify the Commission immediately if they have personnel or funding issues that will significantly delay or impact the program.
 - c. Informing grantees about the number of hours members are expected to serve each week and emphasize that grantee staff are responsible for ensuring members complete their service hour requirements.

Please confirm receipt of this email. Please provide a written report in Microsoft Word to me **no later than January 17, 2024** that is responsive to the actions above. Feel free to reach out with any questions and/or concerns.

Beckie

Rebecca Davis (she/her)

Compliance & Systems Specialist

AmeriCorps State and National

Rdavis@cns.gov

O: 1-202-606-6693

