

FOUNDATIONS - A

PHILANTHROPY

FOUNDATION

Improving Public Participation A Draft Executive Order

Background

During meetings with Transition officials organized by The Union Institute, OMB Watch, and the Coalition on Human Needs, the theme of public participation was raised repeatedly. In response, the Transition staff asked Gary Bass, Mark Rosenman, and Jennifer Vasiloff to draft an Executive Order to increase the participation of the nonprofit/philanthropic sector and beneficiaries of government programs.

We had given the Transition staff the enclosed draft Order, called Enhancing Public Benefit Programs. The Order would set up a Task Force on Public Benefit Programs which would be comprised of agency heads, nonprofit/philanthropic representatives, and program beneficiaries. It would direct agencies to develop plans to: improve the collection of information in order to improve assessment (e.g., information about equity); provide nonprofits and beneficiaries with information about availability of public benefit programs; improve dissemination of agency information/databases; create opportunities for involvement in policy development, program design, and drafting of regulations; and identify any rules or statutes concerning use of federal funds that may present a barrier to participation.

The Order also requires agencies to: reduce barriers to nonprofit and beneficiary participation by streamlining regulations and other program requirements; involve nonprofits and beneficiaries in program monitoring and evaluation; prohibits agencies from conditioning grants on control of speech or organizational viewpoint; and encourages local participation in the decisions regarding distribution and use of federal funds at the local level.

The Task Force would have the responsibility for reviewing agency plans and working to assure their adequacy. OMB also would review all budgetary, regulatory, and other submissions for consistency with the Order.

The Transition staff made various modifications to the draft we submitted. They:

- Eliminated reference to a Task Force. They recognized the need for putting teeth into the E.O., but did not want to create additional bureaucracy. Furthermore, President Clinton has promised to lower the White House staff by 25% and staffing the Task Force would move in the wrong direction. They agreed to submit agency plans to OMB and have the Director of OMB determine within one year whether a task force is needed.
- Deleted reference to undoing the broader impact beyond abortion counseling of the *Rust v. Sullivan* Supreme Court "gag" rule. They agreed that something should be done to mitigate the Court's decision, but were unsure about doing it through this E.O. (NOTE: Gary Bass and Mark Rosenman have prepared another E.O. on undoing the Court's decision which was shared with Transition staff.)
- Do not want to impose resource requirements on agencies. For example, they did not like under Sec. 6 Program Evaluations the exploration of use of the IG office resources. They also were uncertain about the statement that agencies may "provide resources" to improve participation.
- Changed the term "public benefit" to "public service." They agree that "public service" also has its drawbacks (e.g., it connotes service delivery as opposed to other types of nonprofit activities). They are open to other types of wording.

- Shifted the time frame for the submission of the agency plans from 180 days to one year.

The White House domestic policy council and public liaison staff are now reviewing the draft Order to determine if and when the President should sign it. We are not interested in widespread circulation at this time, but are interested in your comments. Since the Order will continue to be refined, we will be able to share your ideas in order to strengthen the Order as it moves along.

Any comments you have, please direct them to Gary Bass (202) 234-8494 or Mark Rosenman (202) 667-1313.

Executive Order No.

Executive Order No. ____ of DATE
Enhancing Public Benefit Programs

By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to improve the partnership between government and the voluntary sector, and to promote public participation in the governmental process, and thereby enhancing the public benefit derived from government programs, it is hereby ordered as follows:

Sec. 1. *Definitions.* For purposes of this Order:

(a) "Public benefit" means, with specific exceptions, those federal government programs and projects which are created to assist, develop, improve or otherwise aid individuals, community-based and unincorporated nongovernmental entities (such as neighborhoods or communities), the physical environment, and charitable and educational not-for-profit corporations. Specifically excluded from this definition are Social Security (OASDI), Unemployment Compensation, and Department of Defense programs.

(b) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1) and not excluding those agencies specified in 44 U.S.C. 3502(10).

(c) "Nonprofit organization" means a charitable and educational not-for-profit corporation as recognized by Section 501(c)(3) of the Internal Revenue Code, including local, state, and national organizations involved in service delivery, advocacy, research, philanthropy, and other public interest initiatives.

(d) "Director" means the Director of the Office of Management and Budget.

Sec. 2. *Principles.* Federal efforts intended to enhance public benefit shall be premised upon and guided by the following principles:

(a) Federal initiatives providing public benefit are most successful when they help people to help themselves, and draw upon a wide range of individuals and organizations to help agencies carry out their statutory missions;

(b) Federal initiatives providing public benefit can be strengthened significantly and reinvented creatively by drawing on the innovative and entrepreneurial skills of the nonprofit sector, which includes organized philanthropy, as well as program beneficiaries;

(c) Federal initiatives providing public benefit can achieve greater inclusion and diversity in federal government operations by utilizing the broad reach and scope of the nonprofit sector, especially in expanding on the direct participation of program beneficiaries themselves;

(d) Collaboration between the federal government and nonprofit organizations allows the establishment of public/private partnerships through which both sectors can better serve the nation together than either could alone.

Sec. 3. *Development of Agency Plans.* (a) After providing public notice and comment, each agency administering programs of public benefit shall submit plans to the Director, with consideration for

involving affected populations, for improving the following:

(i) Collection of information about public benefit programs and projects in order to adequately assess the impact of these programs on issues affecting equity (such as gender, race, income, and disability), competitiveness, and program effectiveness;

(ii) Dissemination of information and databases, regardless of format, so that nonprofit organizations and program beneficiaries have--

(A) Greater awareness of the availability of federally supported programs and projects and of eligibility requirements for such programs and projects;

(B) Greater opportunity to assist the agency in its mission and make recommendations regarding policy developments, information collections, and regulatory initiatives; and

(C) Improved utilization of the Federal Register and other government digests to allow broader opportunities for notice and comment;

(iii) Information systems to assure that dissemination of information reaches the widest possible audience with the least possible cost;

(iv) Increasing the participation of nonprofit organizations and program beneficiaries in decision-making related to programs of public benefit. Such procedures may include reforming membership of commissions or other consultative entities, establishing special liaisons, developing ongoing two-way communication procedures between government officials and nonprofit organizations and program beneficiaries, including electronic networking, and improving community-based outreach especially to program beneficiaries;

(b) Agencies shall submit to the Director an explanation of statutes, regulations, guidelines, manuals, and other policy directives concerning use of federal subsidies that may present a barrier to public participation as identified in this Order and through proposed agency plans as required under subparagraph (a);

Sec. 4. *Handling of Annual Plans.* (a) Within 180 days, each agency operating a public benefit program shall publish in the Federal Register a description of how the agency intends to develop its plan as required under Section 3 and any additional information related to implementing this Order the agency deems appropriate. The plan's development should itself be done in a manner consistent with the intent of this Order and include public participation.

(b) Within one year:

(i) Each agency shall submit to the Director its plan for implementing this Order incorporating information required under Section 3;

(ii) The Director shall recommend to the President what should be done with the agency plans. In doing so, the Director --

(A) Shall determine--

(1) Whether agency plans should be reviewed;

- (2) The procedure and criteria for review of agency plans, if one is necessary;
- (3) The appropriate reviewing entity, if one is necessary, and how it should operate;
- (4) The resources needed to carry out reviews; and
- (5) The role of the Director;

(B) Shall consider approaches, consistent with the intent of this Order, for greater public participation in the appraisal of the agency plans; and

(C) May establish an advisory body, comprised of governmental and non-governmental entities, to assist the Director in making a recommendation.

(c) Upon completion of review, each agency submitting a plan shall publish the plan in the Federal Register;

(d) On an annual basis, agency plans shall be reviewed and revised, if necessary, and submitted to the Director or other entity based on order of the President after public notice and comment in the Federal Register;

(e) All approved plans shall be published in the Federal Register.

Sec. 5. Reducing Barriers to Public Participation. (a) No grant or contract award, or other form of federal subsidy, shall carry restrictions that may inhibit recipients from participation as described in this Order or through agency plans;

(b) Within one year, based on information provided by agencies under Section 3(b) and other sources, the Director shall revise existing OMB grants management policies, including cost principles, and promulgate changes that may be needed to minimize barriers to public participation as identified in this Order and through proposed agency plans;

(c) The Director, in consultation with appropriate agencies and the public, shall identify and recommend opportunities for:

- (i) Use of standardized grant and contract applications, reporting and auditing procedures by all agencies in their work with nonprofit organizations;
- (ii) Improving standards that are used in grant and contract awards by all agencies in their work with nonprofit organizations;
- (iii) Minimizing paperwork and regulatory burdens imposed on nonprofit organizations and beneficiaries of public benefit programs; and
- (iv) Other approaches to reduce barriers to public participation.

(d) Changes made under this section to reduce barriers to public participation shall be done in a manner that:

- (i) Encourages equal opportunity and enables participation for all types of nonprofit organizations; and

- (ii) Encourages state and local governments and other recipients and subrecipients of federal subsidies to cooperate and adopt federal procedures to reduce barriers to public participation.

Sec. 6. *Program Evaluations.* Each agency shall take appropriate steps, to the extent permitted by law, to increase the role of nonprofit organizations and program beneficiaries in evaluating and monitoring program implementation. Agencies may:

- (a) Involve nonprofit organizations and program beneficiaries in partnership with government in assessing how information related to program performance can be made more accessible and useful for evaluation;

- (b) Consider providing resources to nonprofit organizations and program beneficiaries so they can participate in partnership with local and state government in evaluating and strengthening public benefit programs; and

- (c) Initiate pilot programs to test different approaches for increasing the role of nonprofit organizations and program beneficiaries in evaluating and monitoring program implementation.

Sec. 7. *Use of federal funds.* To the extent permitted by law, agencies may require state and local governments to provide an opportunity for community-based nonprofit organizations and program beneficiaries to comment and participate in the planning of distribution and use of federal subsidy.

Sec. 8. *General Requirement.* (a) In preparing budget, regulatory, legislative, and other policy materials, agencies shall consider and propose, when feasible, methods for enhancing public benefit of programs and projects by involving nonprofit organizations and beneficiaries in various aspects of program development, implementation, and evaluation. The cost for minimizing barriers, such as travel expenses, shall also be considered.

- (b) The Director shall review agency budget, regulatory, legislative, and other policy submissions for consistency with this Order and encourage initiatives that increase public participation in programs and projects intended to provide public benefit.

Executive Order No.

Executive Order No. ____ of DATE
Enhancing Public Service Programs

By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to improve the quality of the relationship between government and the voluntary sector, and to encourage, support, and promote public participation in the governmental process, thereby enhancing the public service derived from government programs, it is hereby ordered as follows:

Sec. 1. *Definitions.* For purposes of this Order:

(a) "Public service" means, with specific exceptions, those federal government programs and projects which are created to assist, develop, improve or otherwise aid individuals, community-based and unincorporated nongovernmental entities (such as neighborhoods or communities), the physical environment, and charitable and educational not-for-profit corporations. Specifically excluded from this definition are Social Security (OASDI), Unemployment Compensation, and Department of Defense programs.

(b) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1) and not excluding those agencies specified in 44 U.S.C. 3502(10).

(c) "Nonprofit organization" means a charitable and educational not-for-profit corporation as recognized by Section 501(c)(3) of the Internal Revenue Code, including local, state, and national organizations involved in service delivery, advocacy, research, philanthropy, and other public interest initiatives.

(d) "Director" means the Director of the Office of Management and Budget.

Sec. 2. *Principles.* Federal efforts intended to enhance public service shall be premised upon and guided by the following principles:

(a) Federal initiatives providing public service are most successful when they help people to help themselves, and draw upon a wide range of individuals and organizations to help agencies carry out their statutory missions;

(b) Federal initiatives providing public service can be strengthened significantly and reinvented creatively by drawing on the innovative and entrepreneurial skills of the nonprofit sector, which includes organized philanthropy, as well as program beneficiaries;

(c) Federal initiatives providing public service can achieve greater inclusion and diversity in federal government operations by utilizing the broad reach and scope of the nonprofit sector, especially in expanding on the direct participation of program beneficiaries themselves;

(d) Collaboration between the federal government and nonprofit organizations allows the establishment of public/private partnerships through which both sectors can better serve the nation together than either could alone.

Sec. 3. *Development of Agency Plans.* (a) After providing public notice and comment, each agency

administering programs of public service shall submit plans to the Director, with consideration for involving affected populations, for improving the following:

(i) Collection of information about public service programs and projects in order to adequately assess the impact of these programs on issues affecting equity (such as gender, race, income, and disability), competitiveness, and program effectiveness;

(ii) Dissemination of information and databases, regardless of format, so that nonprofit organizations and program beneficiaries have--

(A) Greater awareness of the availability of federally supported programs and projects and of eligibility requirements for such programs and projects;

(B) Greater opportunity to assist the agency in its mission and make recommendations regarding policy developments, information collections, and regulatory initiatives; and

(C) Improved utilization of the Federal Register and other government digests to allow broader opportunities for notice and comment;

(iii) Information systems to assure that dissemination of information reaches the widest possible audience with the least possible cost;

(iv) Increasing the participation of nonprofit organizations and program beneficiaries in decision-making related to programs of public service. Such procedures may include reforming membership of commissions or other consultative entities, establishing special liaisons, developing ongoing two-way communication procedures between government officials and nonprofit organizations and program beneficiaries, including electronic networking, and improving community-based outreach especially to program beneficiaries;

(b) Agencies shall submit to the Director an explanation of statutes, regulations, guidelines, manuals, and other policy directives concerning use of federal subsidies that may present a barrier to public participation as identified in this Order and through proposed agency plans as required under subparagraph (a);

Sec. 4. *Handling of Annual Plans.* (a) Within 180 days, each agency operating a public service program shall publish in the Federal Register a description of how the agency intends to develop its plan as required under Section 3 and any additional information related to implementing this Order the agency deems appropriate. The plan's development should itself be done in a manner consistent with the intent of this Order and include public participation.

(b) Within one year:

(i) Each agency shall submit to the Director its plan for implementing this Order incorporating information required under Section 3;

(ii) The Director shall recommend to the President what should be done with the agency plans. In doing so, the Director --

(A) Shall determine--

(1) Whether agency plans should be reviewed;

- (2) The procedure and criteria for review of agency plans, if one is necessary;
- (3) The appropriate reviewing entity, if one is necessary, and how it should operate;
- (4) The resources needed to carry out reviews; and
- (5) The role of the Director;

(B) Shall consider approaches, consistent with the intent of this Order, for greater public participation in the appraisal of the agency plans; and

(C) May establish an advisory body, comprised of governmental and non-governmental entities, to assist the Director in making a recommendation.

(c) Upon completion of review, each agency submitting a plan shall publish the plan in the Federal Register;

(d) On an annual basis, agency plans shall be reviewed and revised, if necessary, and submitted to the Director or other entity based on order of the President after public notice and comment in the Federal Register;

(e) All approved plans shall be published in the Federal Register.

Sec. 5. *Reducing Barriers to Public Participation.* (a) No grant or contract award, or other form of federal subsidy, shall carry restrictions that may inhibit recipients from participation as described in this Order or through agency plans;

(b) Within one year, based on information provided by agencies under Section 3(b) and other sources, the Director shall revise existing OMB grants management policies, including cost principles, and promulgate changes that may be needed to minimize barriers to public participation as identified in this Order and through proposed agency plans;

(c) The Director, in consultation with appropriate agencies and the public, shall identify and recommend opportunities for:

- (i) Use of standardized grant and contract applications, reporting and auditing procedures by all agencies in their work with nonprofit organizations;
- (ii) Improving standards that are used in grant and contract awards by all agencies in their work with nonprofit organizations;
- (iii) Minimizing paperwork and regulatory burdens imposed on nonprofit organizations and beneficiaries of public service programs; and
- (iv) Other approaches to reduce barriers to public participation.

(d) Changes made under this section to reduce barriers to public participation shall be done in a manner that:

- (i) Encourages equal opportunity and enables participation for all types of nonprofit organizations; and

- (ii) Encourages state and local governments and other recipients and subrecipients of federal subsidies to utilize coordinated procedures to reduce barriers to public participation.

Sec. 6. *Program Evaluations.* Each agency shall take appropriate steps, to the extent permitted by law, to increase the role of nonprofit organizations and program beneficiaries in evaluating and monitoring program implementation. Agencies may:

- (a) Involve nonprofit organizations and program beneficiaries in partnership with government in assessing how information related to program performance can be made more accessible and useful for evaluation;

- (b) Assist nonprofit organizations and program beneficiaries so they can participate in partnership with local and state government in evaluating and strengthening public service programs; and

- (c) Initiate pilot programs to test different approaches for increasing the role of nonprofit organizations and program beneficiaries in evaluating and monitoring program implementation.

Sec. 7. *General Requirement.* (a) In preparing budget, regulatory, legislative, and other policy materials, agencies shall consider and propose, when feasible, methods for enhancing public service of programs and projects by involving nonprofit organizations and beneficiaries in various aspects of program development, implementation, and evaluation. The cost for minimizing barriers, such as travel expenses, shall also be considered.

- (b) The Director shall review agency budget, regulatory, legislative, and other policy submissions for consistency with this Order and encourage initiatives that increase public participation in programs and projects intended to provide public service.

The Union Institute

Office for Social Responsibility
Center for Public Policy
Center for Women

MEMORANDUM

Date: April 15, 1993

From: Gary Bass, OMB Watch (202/234-8494)
and Mark Rosenman, The Union Institute (202/667-1313)

To: Steve Warnath, The White House (Domestic Policy Council)

Subject: Executive Order on enhancing participation in government decision-making

CONTEXT: During the presidential transition, John Monahan, at the request of Bruce Reed, asked us to prepare an executive order that was intended to enhance the participation of nonprofit organizations and beneficiaries of federal programs. In preparing the draft, we obtained the input of several nonprofit leaders, including foundations, groups concerned about the charitable sector as a whole, and specific issues groups (e.g., low-income, community development). These groups expressed strong support for the executive order.

Given that we had not heard about the status of the order, Mark contacted you. We gave you a copy of the draft executive order and a quick summary of its contents. You requested additional materials, including information on the need for the executive order. This memo provides a rationale for the order, along with additional statements on specific issues pertaining to the draft.

BACKGROUND: For at least twelve years, nonprofit organizations have faced an adversarial relationship with the federal government. In January, 1983, the Office of Management and Budget issued a proposed revision to its Circular A-122 dealing with the use of federal funds to lobby.¹ OMB proposed a policy advocated by the Heritage Foundation to "defund the left" which seemed to include the entire nonprofit community, from Planned Parenthood to United Way.

The OMB proposal did two things. First, it expanded the definition of lobbying to include virtually any type of work involving policy matters. For example, OMB proposed that attending city council meetings or congressional hearings be considered lobbying. OMB also proposed that commenting on federal regulations be considered lobbying. Second, it proposed that traditional cost allocation principles be eliminated. The effect would be that if you used your copier for lobbying purposes (even after hours) no part of the copier cost could be billed to the federal grant; nonprofits would need two copiers, two offices, two executive directors, etc.

After 15 months of controversy, more than 140,000 public comments, formation of a large national coalition in opposition to the proposal, and several redrafts, OMB greatly scaled back its proposal. It was an ideologically driven fight that greatly altered the relationship nonprofits have with the federal

¹ Circular A-122, "Cost Principles for Nonprofit Organizations," 48 *Federal Register*, 3348-50, January 24, 1983.

government. Furthermore, it had an enormously chilling effect on local nonprofits. Today, many nonprofits still believe they cannot engage in public policy matters because some federal rules prohibit them.

As if that were not enough, the Internal Revenue Service proposed regulations in 1986 to implement a 1976 tax law that was intended to increase nonprofit lobbying and advocacy.² Prior to 1976, the law stated that charitable organizations could lobby an "insubstantial" amount, which was never defined. To rectify the problem, the 1976 law created an expenditure test for nonprofits, providing dollar limits on the amount of direct and grassroots lobbying.

In 1986, the IRS proposed an expansive definition of lobbying, close to the OMB definition except it did not include executive branch activities. It also made its rules retroactive to 1976, thereby pushing many nonprofits over the expenditure threshold. The penalty was loss of tax exemption or heavy financial penalties, which also would have put many nonprofits out of business.

Like the A-122 fight, an enormous nationwide coalition formed to fight the IRS rules. After a four year battle, IRS issued final rules that fairly implemented the 1976 law. But there was a price to pay: nonprofits, particularly smaller charities, have simply stopped participating in public policy matters for fear of violating some rule.

While these two issues have cast a pall over the entire nonprofit community, many other events have weakened the partnership that once was so vital. Various proposed actions have further impaired the relationship -- proposed cuts in nonprofit postal rates and limitations on their use for public education and advocacy, and specific regulations, such as the HHS abortion counseling ban that controlled the content of expression. Even more powerful has been the general tone of the federal government toward the nonprofit community. Instead of inviting input of nonprofits that are actively engaged in service delivery and monitoring of federal initiatives, the federal government has tried to silence the community. Instead of working together to improve service delivery, health and safety, and consumer and environmental protections, the federal government has tried to work around the nonprofit community.

PROBLEM: Effective governance requires the input of knowledgeable people in order to continually improve the quality of federal programs. The participation of the nonprofit community and beneficiaries of federal programs will help agencies carry out their missions, result in better use of tax dollars, and build opportunities that previously did not exist.

There are over a million nonprofit organizations with about 600,000 of them providing human, cultural, environmental and other services, attending to social, moral, economic and physical development and community renewal, and otherwise being involved in public interest work. The sector's expenditures total more than \$370 billion annually, equivalent to about 7% of the GDP. Government provides about 30% of annual nonprofit revenue with the remainder coming from private philanthropy, dues, fees and earned income. **The wisdom and experience developed by these organizations, and the substantive expertise of the philanthropic foundations which support them, is not being used effectively by the federal government.**

² "Lobbying by Public Charities," *Federal Register*, 40211-32, November 5, 1986.

Nonprofit organizations have "front-line" experience in every domestic problem area (and many international ones) in which government is active. Yet, as noted more fully in the attachments, nonprofit input is missing or has been restricted in:

- ▶ the formulation of policy, the design of programs, and the promulgation of regulations which guide federal efforts (direct and through funding states, localities and nonprofits);
- ▶ the monitoring and evaluation of government programs "on the ground" and from the perspective of their end-users and beneficiaries;
- ▶ the establishment of grant mechanisms (including contracts) which encourage equal participation, improved service delivery by streamlining conflicting rules and regulations, and effective outcomes as the basis of accountability, instead of those which discourage innovation by focusing on inputs, qualification demonstrations, and activity milestones;
- ▶ the identification of information needs and the conduct of data-gathering activities to provide the intelligence necessary to informed decision-making and policy revision;
- ▶ the design of resource allocation criteria and processes which reward effective accomplishment, encourage collaboration, and improve programmatic outcomes; and
- ▶ the development of policy directly relevant to it, such as restriction of content-specific speech through federally-subsidy (in *Rust v. Sullivan* and agency claims of authority under that ruling), in revisions to nonprofit postal subsidy regulations, and in positions on lobby disclosure legislation.

PROPOSED RESPONSE: The draft executive order is not only intended to "fix a problem" -- the deterioration of the relationship between the nonprofit community and the federal government -- but is a key element in reinventing government, in building a newer vision of the possibilities for the future.

The potential exists to forge effective new partnerships and other collaborations between government and the nonprofit sector. The sector is a major element in our social infrastructure, in service to both the commonwealth and to democratic participation. It can be a powerful ally of government in the achievement of public ends.

The Executive Order would achieve several things. First, and foremost, it would send a signal to the nonprofit community that you want to repair the deteriorating relationship. Second, it could be used as a tool to encourage agencies to be more inclusive in decision-making. Third, it would send a message to agencies on the policy direction of the Administration. Fourth, it would help improve agency and program performance. Finally, it could be a major mechanism through which to advance inclusion and diversity in governance.



INDEPENDENT
SECTOR



EXECUTIVE ORDER ON PUBLIC PARTICIPATION

INDEPENDENT SECTOR

Bob Smucker
Executive Vice President &
Director, Government Relations

BACKGROUND

Both the federal government and the independent (nonprofit organizations and philanthropic foundations) sector are instruments of a free people created to satisfy social needs and advance common purposes. While each sector has discrete responsibilities, there is mutual effort to improve the quality of society as a whole. To enhance both sectors' separate and combined effectiveness, it is necessary to improve upon collaboration between them.

The independent sector has a manifest capacity for flexibility, creativity, and innovation in establishing structures, programs and operating methods in attending to social needs. Given its very nature, it is positioned to identify unique opportunities to meet both emerging and long-existing social needs, to chart new directions and intervention strategies, to involve affected people in self-help and other efforts, to quickly launch new programs, and to generate limited private financial support for them.

Nonprofit organizations most often are the entities closest to, and most intimately involved with, social problems and those directly affected by them. Through the immediacy of its experience, the independent sector has first-hand intelligence about the strengths and weaknesses of various approaches to social problems and the efficacy of both government and private voluntary initiatives to improve the quality of society.

The federal government has the highly significant ability to set national priorities among competing social needs, to define and provide resources for major efforts aimed at social problem prevention or remediation – as well as development, to designate critical elements that are to be incorporated in such efforts and their management, and to identify the criteria and processes deemed appropriate to assure accountability in these programs.

With increasing frequency and magnitude, and at all levels of government, independent sector organizations are instruments through which government programs are implemented. In fact, nonprofits expenditures for social welfare are \$295 billion annually, which exceeds the social welfare expenditures of the Federal government (\$244 billion) and state and local government (\$138 billion). Even absent direct government support, independent sector organizations are active in almost every area of federal concern.

PROBLEM

Currently, there are not adequate avenues through which the particular strengths and wisdom of the independent sector might inform government decision-making and action. This is particularly problematic because of their shared roles and functions in society. (Clearly, government decisions influence the independent sector.)

In both the executive and legislative branches of the federal government (as well as other levels of government) the experience, intelligence and wisdom of the independent sector is not routinely available to policy-makers. This is particularly problematic with regard to the federal executive branch since it is its administrative governance powers which so powerfully frame the design and implementation of social programs.

Nonprofit organizations, whether or not funded in part with federal dollars, live the reality of the Administration's decisions. As social problems are identified and defined; as responsive program initiatives are proposed, framed and designed; as eligibility criteria for organizational and individual participation are set; as rules for administration, operation, record-keeping, progress reporting, financial accounting, auditing, monitoring and evaluation are promulgated -- as the entire federal effort is detailed, the independent sector and the people with whom it works are not heard.

Factors which render unheard the independent sector's voice in administrative governance are not difficult to understand. As in any complex institution which develops its own operating culture and language, external parties are neither welcomed nor easily integrated. Overburdened officials would not eagerly expend the time and energy necessary to an unassisted and ad hoc effort to identify and involve appropriate external parties. Simply put, although it might be at a price in terms of the quality and efficacy of the policy and program outcomes, it is easier and faster to go about the immediate business at hand without engaging an effort to involve those outside government.

Thus, the challenge is to develop processes through which the Administration might encourage and facilitate the involvement of the independent sector, and program beneficiaries themselves, in government decision-making. With the sector's willingness, in fact its desire, for such collaboration, it is those involved in the processes of administrative governance who need to be the focus of such effort.

The failure to encourage the independent sector's involvement in the applied social policy-making of the Administration is to deny public officials the benefit of a wide and deep reservoir of critical experience and intelligence. Through that denial, ultimately it is intended program beneficiaries and the society itself that will be denied less than the best possible government action.



Center for Community Change

STRENGTHENING DOMESTIC PROGRAMS THROUGH EVALUATION AND MONITORING

In recent years American business has learned the great benefits of restructuring enterprises to increase the influence of workers, middle level managers, and even consumers on decision-making. It is now clearly understood that such participation improves management, profits, and product quality.

As the Clinton Administration moves to "reinvest government", these same lessons should be applied. Involving the "consumers" served by federal programs and key service deliverers would contribute greatly to the process of redesigning those programs to be more efficient, useful, and effective.

At HUD, for example, where management and programmatic problems are so deep, service deliverers and beneficiaries could bring great insights and energy into reform efforts. Nonprofit housing developers, for instance, have a wealth of experience in trying to work with HUD programs. They could help HUD redesign property disposition and housing development to be far more efficient, targeted, and appropriate to preserving affordable housing.

Similarly, housing counselling agencies and low-income neighborhood groups have tremendous knowledge of how to stem the foreclosure of single-family homes -- a trend which has cost the Treasury billions of dollars. Nonprofit Community Development Corporations and tenant associations could help HUD design far more effective policies for saving troubled projects. This, too, could save immense amounts of federal funds.

Organizations representing low-income people could help monitor and evaluate the impact of community development and housing programs on their neighborhoods. Who is in a better position to recommend practical changes to increase those programs' effectiveness in meeting needs and leading to real change than those most directly affected -- low- and moderate-income people living and working in those communities? The National Citizens Monitoring Project on CDBG proved the utility and credibility of such an approach a decade ago.

The same savings, efficiencies, and improvements in design could come from involving beneficiaries and nonprofits in reinventing other federal domestic programs. Who could be more helpful in redesigning outreach efforts for the Earned Income Credit than those government wishes to reach? Who could be more insightful about creating a "transitional welfare program" or reforming JTPA than those who experience the disincentives and inadequacies of current programs every day?

Involving the beneficiaries of programs and nonprofit service-deliveries in reinventing government would add invaluable knowledge, perspectives, and energies for change which would otherwise be lost. Panels including such people should be an integral part of these reform efforts at the national level.

Furthermore, this early work should lead into a continuing process of improving government's effectiveness by promoting ongoing monitoring and evaluation of key domestic programs by those who experience those programs every day. As partners with the government, they can bring the experience, insights, motivation, and energies needed if the process of "reinventing government" is to continue and strengthen over time.



MEMORANDUM:
Data Collection and Public Access to Information

During the past 12 years, data collection by the federal government has suffered from two types of problems: deterioration in the quality and comprehensiveness of the data currently being collected, and inadequate collection of data on new issues and new programs. In addition, public access to that information has been severely and unnecessarily restricted. The best way to comprehend these issues is through examples of each type of problem, its effects, and why it should be redressed through mandated change.

I. Data Quality and Comprehensiveness

Example 1: The Office of Civil Rights in the Department of Education surveys a sample of school districts each year. This sample has deteriorated so badly--it is both too small, and not representative--that it cannot be used to generalize even to the state level. Moreover, there has not been a universal survey (all schools) since 1976 (before then, it was done biannually).

We know where we were--we do not know where we are going. Without good, comprehensive, race/ethnicity data, we do not have any way of measuring what is happening in our schools across the country in terms of equal educational opportunity. This data is basic to any informed public decision-making on programs to meet the needs of the most disadvantaged children in our society. This is especially important for newer issues, such the needs of Hispanic children--where are they concentrated, are they ghettoized with black students, or separately, in rural or urban schools, etc.

Example 2. HUD used to collect data on the race and sex of public housing tenants and Section 8/voucher holders. Early in the Reagan administration, that data was no longer reported. In addition, HUD stopped publishing the HUD Statistical Yearbook.

As even Secretary Kemp had begun to realize, meeting the needs of public housing tenants, so that they can become economically self-sufficient, does not end with just bricks and mortar. But without information on who is living in public housing--and changes in the characteristics of that population--neither public nor nonprofit entities can make informed decisions about needed support services, changes in policy, etc.

The HUD Statistical Yearbook provided basic information on housing issues, of use to the government, researchers, and nonprofit organizations. Much of that information is no longer collected, and/or is difficult to access (see below).

Example 3. The Department of Labor regularly collects data on employment, unemployment, and who receives what kinds of benefits from programs on a monthly basis. Although we know the gender and race of employees and the unemployed, wages and hours, and much more, we do not know the gender or race of UI (unemployment insurance) recipients. This data is

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incomplete because most, but not all states report that data regularly (it is only about 5 or 6 states (though not the same ones) each month that do not report data on gender of UI recipients).

There is increasing evidence that programs such as UI systematically underserve certain populations such as the families of single parent workers and minority workers. By not obtaining complete information, on a regular basis, as to the race and gender of UI beneficiaries, the ability of policymakers and the public to judge the effectiveness of these programs is severely handicapped.

II. Inadequate Data Collection on New Issues and/or New Programs

Example 4. Because of severe cutbacks in housing assistance, as well as other policies, homelessness mushroomed in the 1980s. HUD has basically refused to seriously research this issue. Census Bureau efforts to count the homeless in the 1990 census were seriously flawed and heavily criticized. Meanwhile, community after community struggles in isolation to deal with this problem.

As long as there is no serious attempt, with the help of nonprofit organizations, to develop measures of the numbers of homeless individuals and families, and their needs, this will continue to be a debate with much heat and little light. Without benchmarks, we cannot, for example, know what the effect of a state eliminating its General Assistance program will be on homelessness (or on federally funded programs, at least partially, such as SSI, Disability, Medicaid).

We know, for example, that domestic violence is harmful to women and children. It is estimated that 40% of women are turned away from shelters because of lack of space. We don't know how many women--and children--this involves; we do not even know how many shelters there are for homeless battered women, how many homeless battered women are served by regular shelters, or how many children are affected.

Example 5. Under the 1988 Family Support Act, Congress mandated that the states create enhanced education, training and employment programs for welfare recipients, supported by child care and other support services, including post-welfare child care and Medicaid for one year afterwards.

Unfortunately, the information collected on this program, called the JOBS program, is completely inadequate to evaluate the program from any perspective. We cannot answer such basic questions as:

--How many people have participated in JOBS?

--How many JOBS participants enter employment and/or leave welfare? How many, lacking a high school degree, obtain one through JOBS?

--How many JOBS participants are getting child care services?

--How many parents are prevented from participating because there is no child care available--that is, how many people are on waiting lists for child care?

We cannot do a better job of welfare reform the next time, if we do not know how we

did last time--we do not have even the most basic information the impact of the Family Support Act's JOBS program on recipient's lives or its effectiveness in moving people from welfare to employment.

Example 6. As the housing crisis deepened in the 1980s, waits for public housing stretched from a few months, to two to twenty years. Many public housing authorities, especially in large cities, simply closed their lists. Others never "cleaned" the lists, so they do not know who is still in need of housing.

Without information on how many people are in need of housing (and qualify for assistance), and their demographic characteristics (elderly, number of children, etc.), a simple and useful measure of housing need is lost to policymakers.

Example 7. In the early 1980s, CETA was replaced with JTPA as the major vehicle for federally financed job training. One of the criticisms of CETA was that there was not adequate accounting of who was served, and how well.

When the GAO sought to determine, by race and sex, what kinds of training women and minorities were getting under JTPA, they found that the data gathered did not give that information, unless the state went beyond federal requirements. Similarly, though information on public assistance is gathered to determine JTPA eligibility, we do not know if welfare recipients do better, or worse, than other JTPA recipients, because this information is not connected to outcomes.

III. Access to Information

Across the board, it was once possible to obtain free copies of publications from the federal government. Now these publications not only cost money, but it is often difficult to obtain them expeditiously. (The amount required is not prohibitive; it is hard to believe, however, that collecting \$1.75 for a report does not cost more than it gains for the federal government, economically as well as good will). One of the worst is HUD: it set up HUD User, which effectively discourages use of HUD information and data (it only has limited information--mainly reports; you must know the name of the report--they do not know the content; it must be prepaid (they are not expensive, unless 'out of print', and then it is the cost of copying); and it comes 4th class (3 to 4 weeks), unless you pay extra).

The federal government spends millions of dollars on research. Much of this research is never released, and when it is, it is often difficult to find, much less obtain a copy. Sometimes bureaucrats simply do not get around to reading, approving and releasing them; sometimes they do not like the results and simply shelve them.

--March, 1993

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PEOPLE FOR THE AMERICAN WAY ACTION FUND

Defending Constitutional Liberties

Improving Public Participation: The Importance of Rust v. Sullivan

A significant potential impediment to effective public participation and free expression by the non-profit community is the Supreme Court's 1991 decision in Rust v. Sullivan. Rust upheld the Reagan-era HHS "gag" rule on federally funded family planning clinics, which forbade them from engaging in abortion-related counseling and required anti-abortion speech by such clinics. Although the Clinton Administration has repealed the gag rule itself, it has not addressed the broader implications of Rust with respect to free speech and public participation. In fact, a legal brief recently filed under the Clinton Justice Department has supported a broad reading of Rust, raising troubling concerns in this area.

Prior to Rust, court decisions had generally upheld the speech and participation rights of citizens receiving federal funds and rejected the suggestion that such funding can be conditioned on giving up First Amendment rights. When the Supreme Court in Rust upheld just such a restriction, however, the Bush Justice Department and others argued that Rust authorizes content restrictions on any recipients of any government funds or benefits, ranging from censorship of libraries and scientific research to limits on advocacy by groups receiving federal funds. According to 1991 Justice Department testimony, when the government provides funds to a program or activity, then "the government itself is speaking" and "may constitutionally determine what is to be said."

The Bush Justice Department attempted in 1991-92 to extend the Rust holding to justify content restrictions and prior restraints on the materials or activities of organizations and individuals receiving federal funds or benefits, including scientific researchers, AIDS education groups, artists, and filmmakers. The lower courts consistently rejected such efforts. As one court explained, if Rust were interpreted so broadly, "the result would be an invitation to government censorship wherever public funds flow," posing an "enormous threat to the First Amendment rights of American citizens and to a free society."

Towards the end of the Bush Administration, the government appealed the decision in one of these cases, Finley v. National Endowment for the Arts. The lower court in Finley rejected the Administration's efforts to extend Rust to the arts, ruling unconstitutional a Congressional provision which was interpreted

to require that "decency", a constitutionally vague and amorphous standard, be a factor in evaluating grant applications. The first appellate brief in the case, in which the Justice Department was to spell out its substantive position to the court of appeals, was due on March 29, 1993.

Unfortunately, the brief filed and approved by the Clinton Justice Department goes beyond simply appealing the lower court ruling in Finley, and argues in favor of a dangerously broad reading of Rust, similar to that of the Bush Administration. Although the brief points out that the court need not and should not reach the Rust issue, it nevertheless maintains that the lower court was wrong and that Rust applies fully to federal funding of the arts. The brief specifically argues that when government grants are involved, Rust authorizes "limiting the speech of persons working within the grant confines." In addition to the general problems with a broad view of Rust, the brief is of particular concern because of its implicit suggestion that extensive content restrictions on recipients of federal funds would be permissible.

Concern has already been raised about the Finley brief, and some reports suggest that it may have been the result primarily of Bush holdovers at Justice and the NEA. Even the brief itself, moreover, does not argue as a matter of policy that Rust-type restrictions are desirable, but merely that they are permissible as a matter of law. On prior occasions, President Clinton has indicated his opposition to content restrictions on federal funding for the arts. An important step for the Clinton Administration would be to clarify, via executive order and otherwise, that it supports extensive public participation as a matter of policy and opposes broad Rust-type restrictions.



National Council of Nonprofit Associations

Government-Nonprofit Grant and Contract Issues

Nonprofit organizations now provide the people of this country with an enormous number of services under grants and contracts from the federal government, funded directly as well as through state and local governments.

Government believes nonprofits often can do a better job of service delivery than can government itself because these charitable organizations frequently are: more flexible and creative; not bound by bureaucratic civil service and personnel rules; based in the community and controlled by citizen volunteer boards of director; able to supplement government funds with volunteers and private financial resources; responsive to community needs; and provide services less expensively.

However, grant and contract processes established by government often reflect the worst bureaucratic attributes which it seeks to avoid by working through nonprofits. By being overly and narrowly definitive and prescriptive in establishing eligibility requirements; focusing on artificial administrative and operational criteria; imposing inappropriate and burdensome accounting, auditing and reporting requirements; -- many of which differ agency-to-agency and even program-to-program -- the government obviates the benefit of many of the nonprofit characteristics it otherwise seems to value. The contracting and grant system must be more focused and clear about the agreed outcomes being sought, and nonprofits need to be held accountable for them.

The unnecessarily technical and bureaucratic imperatives laid on nonprofits which seek and accept federal grants and contracts mitigate against the best of program outcomes. They raise the cost to nonprofits of partnership with government. They effectively exclude many smaller and more innovative organizations from participation.

Government grant and contract programs often overwhelm nonprofit mission so that too much work of these organizations is directed to complying with rules and regulations not beneficial to programs and services. Compliance costs are so high, and compliance so tangential to service that smaller community-based groups are less and less able to afford participation in federally-funded programs; government underfunds what it demands of nonprofits as the price of participation. Larger nonprofits are better able to offset this underfunding with private fundraising and other means, but that too takes much needed resources away from mission. We need to find ways to reduce these costs and burdens while improving essential accountability.

Government grants and contracts need to focus on community problem-solving without ignoring individual client needs. The design of these programs and their requirements create a priority on processing people instead of building healthier communities. Government programs are too narrowly focused and work against holistic approaches to domestic problems. Even nonprofits with multiple funding streams, often for addressing a single service need, are faced with conflicting government eligibility, performance and reporting mandates.

There is a vast nonprofit infrastructure in this country, staffed by talented, creative and committed people. It is governed by caring and involved boards of directors who, in more effective partnership with government, can make a much greater contribution to the quality of life in America. We must turn our attention to substantial reform in government grant and contract programs. Nonprofits must participate in the process of rationalizing and improving government policies, procedures and operation.

Non-Profit
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To	ANN BANTLEY	From	MARK
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**REMARKS OF ELI SEGAL
INDEPENDENT SECTOR - SAN FRANCISCO
OCTOBER 19, 1993**

Thank you for that introduction, Brian O'Connell, a new friend of mine, but a longstanding friend of community service. I am only sorry that neither of my parents are present to hear it. My father would have enjoyed it. My mother would have believed it. I have a dual opportunity today: to share my thoughts about our common work of service and to bring you a message from the President. Let me begin there, because the relationship between this administration and the nonprofit sector is of vital concern to the President and First Lady. Their professional lives have been inextricably linked with yours. Bill and Hillary Clinton are keenly aware of the contribution that nonprofits make to our communities and our country everyday.

As you know, many discussions on the full range of national concerns have already occurred between nonprofit organizations and officials throughout the administration. We welcome them. These are important joint venture activities already underway. HUD's National Community Initiative, for example, which blends \$25 million of federal funding with \$75 million from a consortium of foundations and corporations.

But much more remains to be done. The work of national renewal cannot succeed unless government and the Independent Sector and its members work in full harmony. As a former marketer of puzzles and games, I am made aware everyday in big ways and little that even a government of the best of intentions can sometimes seem to be as difficult to deal with as Rubik's Cube. That's why the President has directed our Office of Public Liaison to take all

then showing that video. It reminds me of the comment of Mark Twain, in London in 1907, when he was asked to speak at a July 4 Independence Day gathering, after the U.S. Ambassador and a U.S. Senator. Twain said, "I was born modest, and if I had not been, things like this would force it upon me."

Modest though they must be, I want to share with you a few thoughts about our common mission of service. In the nine months since I came to Washington, I've spoken to Congressmen and Senators. I've spoken to majors, governors, and state legislators. I've spoken to reporters and columnists. I've spoken to labor leaders, religious leaders, student leaders. But today -- today I am glad to address a group simply as "my friends."

I must confess, you were my friends before I knew you. At a time when I was a businessman in Massachusetts, you were already urging people to "give five" -- and already giving 100% of yourselves. When I was busy working on the Clinton campaign -- and our national service program was a mere campaign promise -- you were already encouraging service in communities across the country.

The passage of our National and Community Service Trust Act does not reflect any particular wizardry on the administration's part. And it is too easy to say simply that service is an idea whose time has come. Instead, I realize -- as does the President -- that service is an idea whose time came because people like you spent the last decade working towards today. I am here not to ask you to join a Clinton program for service, but to join with you in

a real effort of national service.

Along with thanking you for all that you have accomplished, I wish to pay you the ultimate compliment -- by telling you how much more needs to be done. I believe that the people in this room can do much to ensure the success of national service. I ask you, the Independent Sector and your members -- and I challenge you -- to take a leadership role in that effort.

Day after day on the campaign trail, I was struck by the power of the idea of national service. In a race that was supposed to be about the "economy, stupid," it was the message of national service that met with the most cheers and interest. Now, in a year full of partisan wrangling, our national service initiative made it through Congress in record time and with bipartisan support.

Our vision and my challenge to you today are inextricably linked. We know what our mutual goals for service are, but those goals lie somewhere over the horizon, and the ocean ahead is trackless. We will be guided by some basic principles. But the truth is that no one knows today exactly how we will reach our destination or what uncharted obstacles we will find during our voyage. My hope is that your experiences and insights will help us navigate the course. This is not modesty, but the frank recognition that no one should sail without experienced navigators.

Which reminds me of the story of the ship's captain, on his maiden voyage, who saw the lights of another ship heading toward him. He had his signalman blink out the message "Change your course 10 degrees south."

Back came the reply, "Change your course 10 degrees north."

So the captain sent the signal: "I am a Captain. Change your course south."

He was astounded to see the blinking lights in front of him signal, "I am a Seaman First Class -- change your course north."

Infuriated, the captain signaled back: "Listen to me. Change your course south. I am on a battleship."

Back came the reply: "Listen to me. Change your course north. I am on a lighthouse."

Partnership, not posturing, is the prerequisite to creating community, and it is a desire for real community that animates national service. In his inaugural address, President Clinton explained that our efforts must reflect "a simple but powerful truth: We need each other. And we must care for each other." The quality of our care for each other tells us what kind of society we have, and what kind of human beings we have become.

Perhaps John Gardner explained it best. "The shared values so essential to a vital society," he wrote in "Building Community," "are not established by edict from lofty levels of the society, [but in the]...intimate settings in which people deal with one another face to face. The ideals of justice and compassion are nurtured in communities."

Perhaps nothing illustrates this human need for community as starkly as the inhuman deeds of those who have lost their sense of belonging. The savage beating of Rodney King and the riots that followed both tragically in the news even today, 1-1/2 years after the events, remind of us of what we all lose when individuals forfeit their sense of community.

This same callousness can come in a suit and tie. The corporate executive who authorizes the dumping of hazardous wastes, or takes advantage of illegal immigrants, is no less a product of alienation -- and no less destructive to our society -- than an inner city youth toting a gun.

President Clinton had community as an antidote for alienation on his mind when he signed our national service legislation.

"When the Vice President and I went across this country last year," he said, "[we] saw the wreckage, the insanity, the lost human potential that you can find now not only in our biggest cities, but in every community. And yet, I saw even in the most difficult circumstances the light in the eyes of so many young people; the courage; the hunger for life; the desire to do

something to reach beyond themselves and to reach out to others and to make things better."

Although in some ways these are lean times for our nation, we still have an overflowing supply of our most vital natural resource -- the energy and determination of the American people. And although we cannot know everything that lies on the voyage ahead, we have some basic principles that will help us travel in the right direction.

What are they?

First, national service -- or AmeriCorps, as we call it -- must get things done. We intend to demonstrate what service can accomplish for our neighbors and in our neighborhoods, in the four areas of education, public safety, human needs and the environment. That is why we will demand direct, demonstrable performance goals from every program we support. Service is not a symbol. The new Corporation for National Service will insist upon quality programs, not just good intentions; results, not rhetoric. It will not be enough for an organization to identify a serious problem. Funding will flow only when a serious solution is proposed.

If a program has been funded, we will return in a year and ask if there has been a demonstrable improvement in the community served. We will ask how many infants were immunized; how many children were tutored; how many adults were taught to read; how many vacant lots became parks.

I traveled to Atlanta two weeks ago to help celebrate the 50th anniversary of the founding of the United Negro College Fund. But as moving as this was -- as historic and uplifting -- it paled for me alongside a meeting I had with a few kids who worked in our Summer of Service. Rolette Johnson told me a story about the after school program at College Park Elementary School on the south side of Atlanta. Before the summer, he told me, only 12 youngsters participated. During the summer, the number, perhaps predictably, grew to 250. But after the summer -- after our Summer of Service youngsters returned to their universities, the community, moved by the affect on their children, has stepped in and has found the resources to keep the program going. It's now October in Atlanta according to the calendar, but it's still the summer for the kids.

If programs aren't working, they won't get funded again. But if the programs are successful, we'll help expand them.

Second, service should re-establish our understanding that being an American involves more than being the recipient of a bundle of rights. This century has included great leaps forward in the legal rights of many Americans. Yet we all recognize that these laws have not eliminated the frictions between races and genders and classes in America. Anna Quindlen wrote this weekend about a yawning hole in the psyche of America where our sense of common purpose should be. That's where national service should step in. Service attacks our problems in a special way, suggesting that what we need to do is not to arm some Americans with still new rights but to instill in all Americans a renewed sense of responsibility. After all,

responsibility is as much a part of our heritage as our rights; the Mayflower Compact predates the Bill of Rights by a hundred years. Just as our ancestors joined in barn-raising, so we must join together to raise literacy and drop infant mortality rates. And as young people rebuild their communities, we'll give them financial help for their higher education objectives as well.

Third, while we rebuild our cities and towns, while we rebuild our tradition of neighborly concern, we must improve upon the past by broadening our definition of a neighbor. National service can and must tap the talents of individuals of diverse backgrounds -- rich kids from the suburbs and poor kids from the inner city, rural elderly and urban youth, high school dropouts and law school graduates. We are dedicated to sending diverse corps of citizens to work in a similarly broad range of communities, assisting those in need. Service must demonstrate, to a society that has become fixated with group interests, that what we share as Americans is more powerful than what divides us.

Fourth, national service must supplement -- not supplant -- already existing volunteering. Humility, coupled with wisdom, requires us to note from the Independent Sector that 94 million Americans volunteered 20 billion hours in 1991. AmeriCorps will work alongside the volunteers. When our next natural disaster hits -- and it will -- we'll be there in numbers. We'll be in Iowa after the floods, in Homestead after the hurricane, in San Francisco after the earthquake, shoulder to shoulder with local residents. And because we'll work full time, we'll be able to be the connective tissue between sometimes well meaning but disparate and uncoordinated efforts.

And fifth and finally, those of us in Washington must acknowledge that the real spirit and genius of America exists outside the Beltway, and that we must help communities find their own solutions -- not impose a federal blueprint on them.

Programs designed and led by communities are the lifeblood of our new national service effort. This is why your leadership is so vital. Better than anyone in your state government, and better than any of us in Washington, you understand your community's unique needs and strengths. Many of you have already accumulated long lists of bold and innovative projects to meet those needs and utilize those strengths. But, in a world of scarce resources, your organizations have simply been unable to initiate them. Today, I challenge you to dust off those lists. Examine them, item by item. Ask yourself: will this idea make my community a better place? Ask yourself: how can we put this idea into action? What's the best way to get started? And then, once you have answered those questions for yourselves, I challenge you to use those answers to design a new generation of service programs which dedicated young people can begin to implement today, so that we can all begin our journey to a stronger, safer, healthier, better educated America.

And for those of you who represent corporations and foundations, the challenge is no less daunting. To start, we need your financial resources. Each AmeriCorps program will be required to raise at least 15% of the minimum wage paid to its participant, and at least a quarter of its program costs, from nongovernment sources. These requirements are designed to make certain that projects are supported within a community, rather than imposed from

outside. This approach gives you both an opportunity to leverage your impact with government money, and the responsibility to choose carefully which projects to help get off the ground.

In the same way, I ask you to help fund the planning needs of organizations that are not immediately able to begin full-scale service programs. We intend to innovate, to take chances with new ideas -- but it is not fair to ask the taxpayer to bear the full burden of risk-taking, however necessary experimentation may be to help make service the delivery system of community change. We need to follow the example of HUD's National Community Initiative, and pool the resources of foundations and corporations, especially for planning grants. And so I specifically challenge you to help us establish a service venture capital fund to meet this need. And beyond your financial resources, we need your accumulated experience with insuring quality. We need help with training, technical assistance, monitoring, evaluating, recruiting leaders and participants.

The President knows the vital role foundations must play in national service. He also knows that an effort of this size requires leadership of the highest caliber; experience with volunteer and corporate giving programs; and unquestioned integrity and leadership abilities. And so I come to the happiest moment of my talk before you today; I am proud to tell you today that the President has found just such a person to serve as the Chairman of the Board of the Corporation for National Service. Soon the nation will admire his leadership the way I know you have. Please join me in applauding the President's nominee to the first Chair of the Board. You know him as the President and CEO of the Council on Foundations. I know him as that,

as a founding member of the Points of Light Foundation, Chair of the Children's Defense Fund and as the very essence of a good citizen. A special tribute please to Jim Joseph.

Jim Joseph will be with me as we tackle the hard issues at AmeriCorps. We need to make sure that participants' work is meaningful, but doesn't neglect existing workers. We need to make sure the commissions who'll design the statement plans are composed of community leaders rather than political cronies -- regardless of party. We need to start a new corporation at the same time we merge Vista, Older American: Volunteer Programs, National and Community Services. We need to recruit and place thousands of committed, diverse, well-trained members of AmeriCorps by September 1994 with enthusiastic nonprofits able to back them.

But I know if Jim were on the platform today, we would end his remarks as I will. National Service is the quintessential partnership between the public and private sector.

As we embark on this new chapter for national service, I want to leave you with a story that the great civil rights worker Fanny Lou Hamer used to tell, about the wise old man and the two little boys who thought they were very clever. The two boys decided they would fool the old man by catching a small bird and cupping it in one boy's hands. They would then bring it to the old man and say: "old man, we have a bird in our hands. Is it alive or dead?" Their plan was that if he said the bird was dead, they would release it and let it fly away. If he said it was alive, they would crush it and show him the dead bird. But when the boys

brought the bird to the old man and asked him their question, he answered "it's in your hands."

In many ways, our hopes and dreams for national service are in your hands. I look forward to working with you during the difficult and exhilarating times that I know are ahead of us.