

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

LABOR BRANCH FAX SHEET

DATE: March 4, 1996

TO: Melanne Verveer

FROM: Pam VanWie

COMMENTS:

Paper for this afternoon's meeting on National Service

NUMBER OF PAGES 3
(INCLUDING COVER)

CONFIRMATION: (202) 395-3262
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• MELANNE VERVEER •

Melanne -
Info. for
your mtg.
w/ Wofford

mar 21

mar 7
Jr. Bd. mtg

tent. mtg

Hilly, Leon, Alice

Corporation for National and Community Service (CNCS) Reauthorization Issues

critical mtg

What should be the Administration's reauthorization strategy?

- Prepare a formal reauthorization bill to send to the Hill.
- Propose no changes.
- Prepare broad principles for Hill negotiations.
- "Inoculate" against Congressional opponents by proposing administrative reforms and revisions based on experience over past two years and results of successful programs.

Regardless of the strategy, the goal is to preserve National Service while addressing major criticisms (primarily cost per participant). Discussed below are some cost-saving measures some of which can be accomplished administratively, some of which require legislation.

Cap Participant Living Allowances at \$100/week.

Reduce the current CNCS portion of the weekly stipend of between \$130-160 to \$100. Sponsoring programs may match up to that amount for a total of \$200/week or more. Consider exception for up to 10-20% of programs, providing more than \$100 per week for unusual circumstances. Legislation required.

Cost
share
limit
not to exceed

Pros:

- Combats perception that compensation is too generous; adds an element of sacrifice.
- Similar to other programs (City Year, Catholic lay ministry) which provide stipends of \$100 per week or less.
- Would greatly simplify and streamline CNCS grant negotiations.

Cons:

- Probably will lose middle class participants altering demographic mix in program.
- Requires additional funds from locals if they want to pay minimum wage. (Paying the minimum wage is an organized labor concern and sometimes a State requirement.)
- Programs with highly skilled participants (Legal Corps, Public Allies) that provide between \$10K and \$14K stipends must raise more money or drop out of the program.

- minimum wage prob. - FSLA

Raise
match
amount
state
prev.
state

Cap Federal Program Support (overhead) to \$5,000 Per Participant.

Program support includes: travel, uniforms, project materials, materials, training, program staffing costs, overhead, and evaluation. Local programs could match dollar-for-dollar up to an additional \$5,000. Consider an exception for up to 10-20% of programs for unusual situations. Can be done administratively.

Pros:

- Require more local buy-in by enlisting more private sector, local, and state support
- Would greatly simplify and streamline CNCS grant negotiations.

Cons:

- Require a larger match and could lead to some programs dropping out.
- Problems in auditing match funds and in determining types of funds allowed for match.
- Support needs vary widely based on program design, location, size, and demographics.

Vista
\$150 wk

Increase to 25% the Proportion of Participants Receiving Only Education Awards.

The CNCS currently provides: 1) education awards only to nearly 700 participants, and 2) some program support and the education award to an additional 2,800 participants. Most are through the "Teach for America" program, with the rest through VISTA projects where local sponsors provide the VISTA stipend and program support costs. Can be done administratively.

Pros:

- Large increase in participants with modest increase in costs (\$4,725 vs \$19,000).
- Infinite number of opportunities for creating education award only programs.

Cons:

- May be rewarding persons already engaged in "volunteer" service rather than expanding the number of participants engaged in national service.
- Difficult to monitor and maintain CNCS high quality standards for its programs.
- Limited near-term cost savings; resource intensive to market to higher ed institutions, States, and municipalities; will take several years to reach the 25% level.
- Greater potential for inequitable treatment among volunteers.

Eliminate the National Civilian Community Corps (NCCC).

The NCCC was created as demonstration to assess: 1) whether residential service programs administered by the Federal Government can increase support for national service and 2) whether former members of the military can provide guidance and training in such programs. There have been approximately 865 participants in each of the past two years. Participants are 18-24 years old and serve full-time for 10-11 months. Change can be done administratively.

Pros:

- Eliminates an extremely costly program: 1996 NCCC participant costs are estimated to be \$25,428 without the educational award; 1997 will be cut to \$19,800 (without award).
- No clear federal role; many States already operating similar programs.

Cons:

- Lose ability for a Federal rapid volunteer response to disaster situations.
- High visibility, especially in disaster situations, brings good local press for the CNCS.
- Ties to military enable the NCCC to have access to DOD facilities and resources.

Eliminate the Federal Agency AmeriCorps Programs.

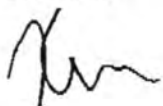
The CNCS already has taken steps to eliminate this program by notifying federal agency grantees that the CNCS will no longer provide grants to federal agencies. This cutback was initiated in response to cost and related concerns raised by Senator Bond and Senator Grassley. In a letter sent to the President last fall, Senator Grassley suggested eliminating the Federal agency program. High cost programs have been a lightning rod for critics.

Make the CNCS a Non-Governmental Entity.

In his confirmation testimony, Harris Wofford stated that it would be worthwhile to consider making the CNCS more of a "trust of the American people, chartered by Congress, like the American Red Cross, but not controlled by the government." Further work needed to examine viability and legal ramifications. Legislation required.

February 29, 1996

NOTE TO JACK LEW
GENE SPERLING
MELANNE VERVEER

FROM: Ken Apfel 

RE: National Service

Attached please find a CLOSE HOLD document that my staff has prepared on National Service. It is a quick summary of the packet which was delivered to us on Wednesday evening from the Corporation for National and Community Service. For your convenience, I have attached the packet as well.

I will see you at 10:00 in my office to discuss the issue further.

4 Monday mts
Education awards
Civilian Conservation Corps
Federal agency Prog.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 29, 1996

MEMORANDUM

TO: Ken Apfel

THROUGH: Barry White *BW*
Larry Matlack *LM*

FROM: Pamela B. VanWick *PBW*

SUBJECT: Response to National Service "Reauthorization Paper"

You received a package of documents from the Corporation for National and Community Service (CNCS) comprised of the following: 1) a draft response to Senator Charles Grassley's February 9, 1996 letter in which he asked the CNCS to implement reforms; 2) a memorandum outlining proposed long-term "reforms"; and 3) an analysis of the reform proposal. The issues raised below by the Corporation are in their very early stage of development. We do not believe they have thoroughly explored these or other options for efficiencies. The draft response to the Grassley letter and the ideas raised in the other documents do not necessarily track in all cases.

The CNCS is pressing for guidance so it can respond to Senator Grassley and in the House Subcommittee on Labor-HHS Appropriations on March 12th testifying on the FY 1997 budget and, more importantly, the House Oversight Committee on March 21st testifying on AmeriCorps.

The CNCS does not intend to submit a formal reauthorization package to the Hill. This is probably wise considering the beating it has taken on the budget and the GAO report. What CNCS hopes to do is assemble some broad principles and concepts on reforms that the Administration approves and use them as a basis to begin negotiations on the Hill. This tactic is similar to what was used in Job Training legislation.

Because AmeriCorps took such a beating for its high federal program costs, most of the issues are for cost cutting or cost shifting. The key ingredients of the CNCS reform proposal are:

- 1) reduce CNCS spending on the national service participants' living allowance;
- 2) limit the program overhead financed by federal contributions to \$5,000 per member and require a local match;

- 3) expand the number of participants who receive only education awards; and
- 4) make the CNCS a non-governmental entity.

Reduce CNCS spending on living allowance for participants

The CNCS would provide \$100 per week rather than the current almost \$130 per week while allowing sponsoring programs to supplement the wage up to another \$100 per week. This would reduce the CNCS cost per member and combat the perception that compensation received is overly generous as depicted in the GAO report and highlighted by many members of Congress. We think this is a good idea, however, this will affect AmeriCorps programs. If programs choose not to supplement the living allowance, the demographics of the program may be affected. Based on current data, middle class AmeriCorps members are most likely to forego participation in AmeriCorps if the living allowance were lowered or eliminated. Similarly, if the CNCS eliminates the health and child care benefits currently provided (not under consideration at this time), most single parents would choose not to participate in AmeriCorps.

Limit program support (overhead) to \$5,000 per member on a matching basis

The CNCS would provide funds to support AmeriCorps members on a matching basis up to \$5,000 per member. This would cap federal spending per participant (currently up to \$10,000 + per member) and would encourage the programs to seek private sector as well as state and local funding. This is a good idea but several issues would have to be worked out regarding determining the availability of the match funds and what types of funds could be counted towards the match, i.e. in-kind, only non-federal, etc.

Expand the number of participants who receive only education awards from the CNCS

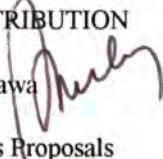
This was Senator Grassley's idea and the CNCS has already tried this in a small pilot project with the Jesuit based "Teach for America" program. Expanding this program would allow larger numbers of students to earn their way through college performing service. Possible areas for expansion would include federal agencies, state financed opportunities, higher education, opportunities using local government funds (e.g. school districts, police departments and municipalities).

Make the CNCS a Non-Governmental Entity

Harris Wofford stated in his confirmation testimony that we should consider making the CNCS more of a "trust of the American people, chartered by Congress, like the American Red Cross, but not controlled by the government." The CNCS is exploring and will continue to explore this idea with leaders of major corporations, foundations, educational institutions and non-profit agencies. While it is a worthy goal, it is not a realistic option in the near future.

Although mentioned in the draft response to Senator Grassley, the CNCS needs to explore thoroughly options to target AmeriCorps dollars to young people who are attending college or accredited vocational programs, further reduce total costs for the National Civilian Community Corps (NCCC) program, and eliminate the underlying authorization for Federal agencies to run AmeriCorps programs.

MEMORANDUM FOR DISTRIBUTION

FROM: Shirley Sagawa 
RE: AmeriCorps Proposals
DATE: February 28, 1996

CORPORATION
FOR NATIONAL
 SERVICE

Attached, for your consideration, are three documents:

- 1) Draft response to Senator Grassley's letter to the Corporation. We believe that Senator Grassley, our most vocal critic, may be willing to endorse AmeriCorps if we can work out a package of "reforms." The letter is designed to lay out steps the Corporation has already taken that address his concerns. A second round of letters might work to formalize a deal.
- 2) Memorandum outlining proposed long-term "reforms." Although we are very satisfied with the quality and cost-effectiveness of AmeriCorps, we believe that steps should be taken to further reduce costs, increase private sector involvement, simplify the program, and expand the number of AmeriCorps Members. This memo suggests legislative reforms that move in these directions which might be negotiated in the reauthorization bill or 1997 appropriations agreement.
- 3) Analysis of reform proposal. I prepared this analysis of the reform proposal for Harris. It may be helpful to you in understanding the effects that the proposal, if implemented, would have on our existing portfolio of programs.

Finally, not included in this package are a series of more minor and technical amendments that we would like to propose. These will be provided to our OMB contact as soon as they are available, within the next two weeks. Please note that several authorizing and appropriations committee hearings have been scheduled for the Corporation over the next two months. We hope to be able to talk about the long-term direction of the Corporation in our testimony, and therefore would like to reach consensus with you and the President as soon as possible.

Distribution:

Alice Rivlin
Jack Lew
Ken Apfel
Melanne Verveer
Gene Sperling

cc:

Eli Segal

1201 New York Avenue, NW
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Telephone 202-606-5000

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

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CONFIDENTIAL/DRAFT

MEMORANDUM

TO: Distribution

FROM: Harris Wofford and Shirley Sagawa
Corporation for National Service

SUBJECT: Draft Outline of Proposed Long-Term Reforms

DATE: February 28, 1995

CORPORATION
FOR NATIONAL
 SERVICE

These proposals were designed to significantly expand the political support for AmeriCorps while simultaneously strengthening its existing mission. They would make it possible to (1) expand the size of the program to bring it closer to the original goal of 100,000 or more; (2) ensure that AmeriCorps is viewed as service that involves sacrifice; (3) strengthen the link between service and education; (4) reduce costs; (5) simplify the structure and reduce red tape; and (6) increase private sector involvement.

The net effect of these changes should be to reduce the per person cost by at least \$3,600. And, even without any increase in overall funding, it would increase the number of participants by up to 25 percent, and possibly much more.

Clearly, the reforms should be phased in, starting with the passage of legislation (either the reauthorization or 1997 appropriations) that gives us the flexibility to move in this direction. One possibility is to start with the National Direct programs (one third of AmeriCorps assignments), and for at least the first year to leave it optional to state commissions and their grantees.

The key ingredients would be:

Reducing Corporation Spending on the Living Allowance -- The Corporation would provide \$100 a week for a stipend, the amount originally proposed in the 1992 campaign. (Currently the federal government puts up about \$150/week.) Programs could supplement the wage if they wish up to another \$100/week.

This has several advantages. First, it would lower the cost per member, thereby answering critics and allowing expansion of the program. Second, it would combat the perception that AmeriCorps compensation is overly generous. The more Spartan living allowance, combined

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AmeriCorps, National Service
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National Senior Service Corps

with a continued emphasis on “getting things done,” would ensure that AmeriCorps, like the military and the Peace Corps, is viewed as service and not a jobs program. Yet this approach would also provide programs the flexibility to supplement the living allowance if necessary to guarantee a diversity of participants.

Giving Program Money Through a Challenge Grant System -- The Corporation would provide program assistance on a matching basis – programs that put up money would get money – up to a certain amount, perhaps \$5,000. This would be far simpler and less bureaucratic than the current system in which program officers negotiate in painstaking detail each item in a program’s budget. It would effectively establish a cap on federal spending per participant that is significantly below the current maximum, and it would encourage programs to seek private sector, as well as state and local government funding. There are ways of phasing this in gradually--perhaps doing a 3 for 1 match or including in-kind contributions as part of the calculations--so as not to adversely affect bootstrap programs in rural and urban low income areas.

In addition to limiting federal costs per person, this approach would have the added advantage of ensuring more local buy-in for individual programs and AmeriCorps generally.

Providing More “National Service Scholarships” -- The Corporation could increase the number of members who receive only the education voucher. This should have a special appeal to religious organizations and other large non-profit groups. The competition for these awards should have a key criterion a plan to expand the numbers of those serving in their programs. The Act already authorizes such education-only awards and it has been tried on a small pilot scale. We have both been interested in trying it on a larger scale. It happens also that this is an idea of Senator Grassley’s, who suggested it in his letter to the President last August, and would undoubtedly help with other Republicans as well. Even more important, this approach would allow for a larger number of Americans to earn their way through college by performing service.

Eventually Making the Corporation a Non-Governmental Entity -- In Harris Wofford’s confirmation testimony before the Senate Labor and Human Resources Committee, he stated that we should consider making the Corporation more of a “trust of the American people, chartered by Congress, like the American Red Cross, but not controlled by the government.” In recent months, in meetings with leaders of major corporations, foundations, educational institutions and non-profit agencies, we have been posing the question: To what extent can the private and independent institutions -- including colleges and universities, and also units of state and local government such as schools and police forces -- contribute more of the resources and assume even more of the responsibility? There are many practical and legal questions that would need to be addressed, but the concept is powerful. It could establish national service as a permanent fixture of American society, effectively wiping out partisan opposition.

MEMORANDUM FOR HARRIS WOFFORD

FROM: Shirley Sagawa
RE: Analysis of reform proposal
DATE: February 16, 1996

A group of us spent some time analyzing the reform proposal. The following represents our conclusions about the effect of the proposal and steps we should take to prepare to implement it.

Our assumptions about the proposal are as follows:

- o The Corporation would provide \$100 per week living allowance (or "field fellowship") plus \$100 per month in health insurance (and would foot all child care costs for eligible members as under current law).
- o The Corporation would provide up to \$5,000 per member in program costs, provided on a one to one matching basis. (We understand that the exact formula might vary, and discuss options later in the memo.)
- o The education award stays the same as under current law.
- o We would set a target for the number of education awards only Member we would hope to enroll.

We assume that some of the goals of the proposal are:

- o To decrease the average federal cost per FTE for AmeriCorps Members significantly below the GAO-reported average of \$17,629 (Corporation costs).
- o To increase the proportion of federal funds going to Member support verses program support.
- o Potentially, to decrease the average Member living allowance so that it is clear that AmeriCorps Members are making a sacrifice.
- o To gain the support of a significant number of Republicans for the funding and reauthorization of the program.

On the next page is a chart showing our current program and the reform program, as we understand it. The chart is a little confusing because the current program numbers are **not** the average costs, but rather, the "normal" costs assuming (1) a grantee provides the minimum

matching funds for Member support, and (2) the actual "average" program support grant. Therefore, the numbers seem high relative to what we know to be the overall average per FTE amounts. For state programs, the average per FTE amount is about \$17,125 including all Corporation costs. About 60% of that amount goes to members (this percentage increases to about 66% if you exclude Commission and Corporation "overhead").

What the chart does show is that for the average program, the reform plan would not pose a serious hardship, **depending on what type of funding counts toward the match.** The implications of various match restrictions are discussed later in the memo.

Current program -- full time members

<u>MEMBER COSTS</u>	<u>Corporation</u>	<u>Other</u>	<u>Total</u>
Ed award	4,725	0	4,725
Living allowance	6,753	1,192(+)	7,945(+)
FICA*	516	92(+)	608(+)
Health care	1,020	180	1,200
Child care**	250	0	250
 <u>SUBTOTAL</u>	 13,264	 1,464	 14,728
 Program grant (state average)	 5,511	 5,236	 10,747
State Commission	400	100	500
Corporation***	1,600	0	1,600
 <u>SUBTOTAL</u>	 <u>7,511</u>	 <u>5,336</u>	 <u>12,847</u>
 TOTAL	 20,775	 6,800	 27,575

Reform proposal -- 52-week full-time members (shorter programs would have lower costs)

<u>MEMBER COSTS</u>	<u>Corporation</u>	<u>Other</u>	<u>Total</u>
Ed award	4,725	0	4,725
Living allowance	5,200	up to 5,200	up to 10,400
FICA*	398	up to 398	up to 796
Health care	1,200	0	1,200
Child care**	250	0	250
 SUBTOTAL	 11,773	 up to 5,598	 up to 17,371
 Program grant	 up to 5,000	 up to 5,000	 up to 10,000
State Commission	400	100	400
Corporation***	1,600	0	1,600
 <u>SUBTOTAL</u>	 <u>up to 7,000</u>	 <u>up to 5,100</u>	 <u>up to 12,000</u>
 TOTAL	 up to 18,773	 up to 10,698	 up to 29,371

*FICA is calculated based on 7.65% of living allowance. Not all programs have had to pay FICA, although currently most do. It is a legal determination. To get an across the board exemption for AmeriCorps Members would require the support of the Finance/Ways and Means Committees.

**Child care is calculated based on current total expenditures for child care benefits divided among all AmeriCorps Members. In reality, some Members receive a benefit of up to several thousand dollars, but most do not qualify for this assistance.

***Corporation costs are a very rough calculation that includes federal administration, t/ta, recruitment, evaluation, etc.

Policy issues related to this proposal:

Living allowance

Capping the living allowance at \$10,000 would affect approximately 23 existing programs. These programs tend to recruit higher skilled, more highly educated Members.

Lowering the minimum living allowance to \$100 per week would possibly cause concern to the youth corps community and labor unions, who have lobbied in the past for a minimum wage-level living allowance.

Requiring amounts of the living allowance that exceed \$100 per week to be raised by the programs would increase the "match" burden for most current programs by about \$1,500.

We have assumed that the Corporation would continue to pay most or all of a health care policy and child care benefits. If these are eliminated, the effect of lowering the living allowance would be more severe, and would effectively eliminate most single parents from AmeriCorps.

Assuming that many programs end up dropping the living allowance to the minimum amount by not augmenting it, there may be an effect on the demographics of the program; based on current data, it is the middle class Members who say they are most likely to forego AmeriCorps if the living allowance were lowered or eliminated.

Program support

Current program support grants range from almost nothing to more than \$10,000 per member, with the average being about \$5,500. The reform proposal would have the effect of requiring a larger match from most programs (currently about one-third programs are providing a 50% or better match).

We are assuming that programs would be free to raise and spend more than the required match, and that the proposal does not cap total available resources. If this is true, the effect would mainly be that most programs would have to raise more funds than they are now raising or lower costs significantly. (In a few cases, programs that want to maintain their current levels of support from the Corporation would have the incentive to increase overall program costs -- for example, Volunteer Maryland currently receives \$5,224 per Member from the Corporation and contributes only \$3,723. Such a program might want to increase its contribution so it could receive the maximum.)

Significant issues are raised around the administration of a challenge grant. If the challenge works like a typical government match, in which the grantee says "I will go out and raise \$5,000 if you give me \$5,000," with compliance being monitored after the fact, no such problems arise. If, on the other hand, grantees must have the cash in hand in order to draw down the corresponding amount of the grant, there would have to be a significant auditing capacity put into place that does not now exist. When such challenge grants have been proposed in the past, the Corporation

has not been able to administer them in this fashion. If, as City Year has proposed, we rely on an independent audit to verify that funds are indeed in the bank, there would be a timing problem -- in many cases, it takes up to 18 months for an audit to be completed. We are investigating other challenge grant systems (like the FEC) and hoping to find a simple way to administer the dollar for dollar match.

A policy issue to be decided is what would count toward the "challenge." Federal agency funds would presumably not count. Would the funds have to be in cash or could it be in kind? Programs have an easier time with in kind, but could more easily "pad" an in-kind match. Perhaps that matters less when the amount of the Corporation grant is effectively capped at \$5,000. If more than 10 - 15% of the match must come from nongovernmental sources, staff predict a majority of programs would drop out.

The effect on the actual design of programs is hard to predict. Consider a few circumstances:

Rural programs tend to have high transportation costs, tend to use federal funds as their base of support, and have more difficulty raising nongovernmental funds. Would we provide a "rural supplement"?

Programs that exist primarily as national service programs tend to have higher overhead costs attributed to AmeriCorps than those that are organized by entities that exist to carry out other missions.

Geographically dispersed programs tend to have high travel costs. Many programs would have to be redesigned to eliminate large group trainings and other events demanding that Members gather together. Would this have an effect on quality (usually the trainings are conducted by the substantive experts) and the sense of unity Members have? Could this be offset by more local gatherings across programs, new training designs that do not require travel, and use of technology (such as internet)?

Youth corps and other programs involving at-risk youth tend to rely heavily on federal funds. Eliminating use of federal funds as a match (coupled with our cutting off of grants to federal agencies) will cause a good portion of these programs to drop out.

Education award only issues

A key part of this proposal is that "education awards only" programs would become a significant part of the AmeriCorps portfolio. Currently, the Corporation has 3 education awards only programs in AmeriCorps*State and National and another 13 in which the Corporation provides only minimal program support and no Member support. (In another 16 programs, the Corporation provides significant program support, but no Member support.) In addition, there are currently 40 A*VISTA cost share agreements (covering 600 A*VISTAs). Staff estimate that most of the current "ed awards only" and "cost shares" are supported by federal funding. Concerns about ed award only programs in the past have centered on quality and fit with AmeriCorps. For that reason, other than in the federal partnerships arena, we have not worked aggressively to promote this option outside of the existing grantee universe. A*VISTA on the other hand, has made it a priority to pursue these kinds of relationships. Interestingly, as we learned in the meeting yesterday, most A*VISTA cost-shares were created after an organization had had experience with fully funded A*VISTAs. This will be critical to our marketing plans for cost-shares.

Does the field have the capacity to significantly increase the number of ed awards only and cost share agreements? That depends on the assumptions about who will pay the related costs. Here are options:

Federal programs: We have pursued these aggressively through the Office of Federal Partnerships, which at one time had as many as 6 staff. We are down to 1 staff person in this office and have determined that this is no longer a priority. However, this is the most likely source of funding for additional cost-share arrangements.

State funding: State funding could be a fertile source of cost-share funds, especially if national service can be positioned as a strategy to solving critical social problems targeted by states for reform. State Commissions and state offices could pursue these arrangements more effectively than Washington-based staff.

Higher education: Higher education institutions may be an excellent source of cost-share funds, provided that we are comfortable with part-time Members. A review of our part-time portfolio indicates that most of our part-time programs are higher education-sponsored programs or those that use college students as Members. Issues to consider are the fact that part-time programs have tended to be lower quality than full-time programs; implications of providing education awards to unstipended part-time Members; whether we would be effectively "displacing" current volunteers with AmeriCorps Members (by providing an education award to those who would otherwise be regular volunteers); and whether we are concerned with creating more situations in which individuals receiving ed awards are serving alongside those who are not.

Local government funds: We have not fully explored whether school districts, police, and municipalities might be a source of cost-share funds. Currently, municipal funds are the funding source for a few education awards only programs. Note potential union issues (AFSCME has been our closest ally among the unions up to now).

Existing service programs: Providing education awards to existing service programs could be

perceived as "displacing" current full-time servers (if we end up simply providing ed awards to an existing corps or program for their existing slots). If we expect these programs to add additional members, staff feel it is unlikely that many will want to participate due to the high cost involved.

Non-profits: Given the costs of operating a program of a significant size (a program of 20 full-time Members would cost more than \$100,000), staff believe it is unlikely that many non-profits would be interested in paying for an education award only program similar to the programs funded by AmeriCorps. Much more attractive would be a A*VISTA-style cost-share arrangement for one or two Members. Either would have to be marketed strategically and aggressively to achieve the large numbers contemplated.

Next steps

The issues identified in this analysis suggest several action steps that should be taken immediately, if we are to pursue the reform plan.

- o We should firm up the specifics of the proposal and provide a memo to OMB for review.
- o We should do a legal review to determine if legislative amendments would be needed to implement any of the pieces of the plan.
- o We should develop a plan for consulting with our constituency groups and the staff about the proposal.
- o We should consider differential matching rates or dedicated "pots" of funding for certain types of programs and funding. For example, we might provide two dollars for every private dollar (2:1), no dollars for each federal dollar (0:1), one dollar for each dollar of other types of funding (1:1); we might also have a higher (2:1 or 3:1) matching rate for start-up programs, rural programs; programs that have other kinds of hardships, etc. Providing these kinds of incentives could mitigate against unintended negative effects on the portfolio of programs.
- o We should develop a phase in for the plan.
- o We should come to terms with what kind of assignment appropriately constitutes an AmeriCorps assignment.
- o We should develop a plan to market and manage more education award-only programs and A*VISTA cost-share partnerships.
- o We should explore additional ways to support local programs' fundraising capacity, including technical assistance, partnership agreements, the Partnership for National Service, and new initiatives.

DRAFT

D R A F T (2:00 p.m.)

February 28, 1996

The Honorable Charles E. Grassley
135 Hart Senate Office Building
United States Senate
Washington, D. C. 20510-1501

Dear Senator Grassley,

Thank you for your letter of February 9, 1996, and for the special concern for AmeriCorps you have shown during the last year. I have appreciated our talks and the constructive spirit with which you have worked with me, as you say, not to terminate but to improve AmeriCorps. Working together with you and your colleagues in Congress, I'm convinced we can make it a program in which all Americans -- Republicans as well as Democrats -- take pride. I look forward to your being a partner in that effort, just as you are with the senior programs of the National Senior Service Corps which the Corporation also administers.

I also appreciate the emphasis you put on fulfilling President Clinton's original vision of helping young people to pay for college by serving their communities. I would add my own emphasis that this principle of reciprocity, like the G.I. bill's investment in veterans' education after their national military service, is a longstanding ground for bipartisan agreement. As one who paid for college through the G.I. bill after World War II service in the Air Force, I was a beneficiary of that bipartisanship.

Though the Peace Corps was President Kennedy's favorite program and is his special legacy, it earned -- and has maintained -- strong bipartisan support. The same is true of the Points of Light initiative of President Bush, which is retained as part of our national service legislation. As you well know, the National Service Trust Act of 1993, through which AmeriCorps was created, built on the first National Service Act signed by President Bush in 1990. Under that Act's Commission on National and Community Service, the same kind of grants to support full-time and part-time national service were made, albeit on a smaller scale. And the National Civilian Community Corps (now a branch of AmeriCorps) was created in 1992 with support from both sides of the aisle and was also signed by President Bush. That bipartisanship in Congress and nonpartisanship in the country is the key to the success of national service and community volunteering, and it is my goal to reclaim that tradition, even in this inevitably partisan political year. I welcome your help in doing this.

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Turning to the particular points and proposals of your letter to me of February 9, 1996, and your letter to President Clinton of August 29, 1995, I want to assure you again that I am committed to achieve the cost and performance goals set by the President and Congress. Specifically, I am committed to reducing costs per full-time AmeriCorps member. This will enable more corpsmembers to serve and to get help to pay for college or job training. We will also take steps to increase substantially the contributions to the programs by the private sector and by all nonfederal sources. This will enable us to decrease the proportion of federal dollars going into program support and administrative overhead.

And, as you know, I am especially interested in your proposal that AmeriCorps increase the number of programs where the Corporation provides only educational awards. I believe that approach can be undertaken in a way that will benefit many nonprofit service organizations, enabling them to increase the numbers serving in their programs and enabling more of those serving in their programs to go to college, pay off their student loans, or receive approved job training through the educational awards.

Let me report some of the steps we have been taking in recent months, which I think you will find move AmeriCorps in the direction you favor. While I very much appreciate the contributions made by your criticisms and proposals, I also want to underscore that these are directions that I supported when I took this job. These directions, as you have noted, are also consistent with President Clinton's original vision; and I am happy to report they are directions that the Corporation, by its own trial and error process, has been quietly and diligently pursuing.

1. Reduce Member Costs

The Corporation has held itself out as a new kind of entity -- sensitive to the bottom line, actively involved with our partners in the private and independent sectors, aggressively promoting competition to achieve quality and economy. We are committed to producing the best possible program at the lowest possible cost.

As you know, most start-up enterprises have high costs as investments are made in infrastructure and system-building. Those costs come down as the investments pay off. The Corporation for National Service has already reduced costs from our first year to now. Our second year awards in the AmeriCorps state grant program represented an average real reduction of about 7 percent per member when compared to first year costs, when accounting for inflation. In the renewal process this third year, we are asking grantees whose grant costs exceed the average to reduce their per full-time equivalent cost by 10 percent. We are also eliminating funding for planning grants and for relocation costs for AmeriCorps members. Our goal is to focus Corporation resources directly on corpsmember support, not on program overhead and administrative costs. In addition, we have cut \$7 million out of the Corporation's 1996 administrative budget -- \$2 million in personnel and the rest in travel and other expenses.

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Regarding the National Civilian Community Corps (AmeriCorps*NCCC), our residential CCC program, we have taken significant steps to reduce our first year per member start up cost. We closed the Aberdeen, Maryland, Campus for a savings of \$1 million. We reduced members' living allowance from \$8,000 to \$6,000 this year, and plan to reduce it further to \$4,000 in FY 1997. By consolidating functions and making other structural changes, we cut headquarters staff by 25 percent, and plan additional cuts in campus staff of 30 percent next year.

2. Eliminate Grants to Federal Agencies

In response to concerns raised by Senator Bond and others, we have notified our federal agency grantees that we will no longer provide grants to federal agencies. Local nonprofits who had been affiliated with the federal agency programs will be free to apply for funding on their own to support AmeriCorps members utilized by those nonprofits.

3. Continue to Enforce Prohibitions Against Lobbying

We have also addressed concerns raised by Senator Bond and Representative Hoekstra by again requesting that state commissions and national direct grantees firmly remind AmeriCorps sponsors of all prohibited service activities, including lobbying and partisan political activities. In their renewal requests, programs must now delineate specific actions they will take to ensure that members do not engage in improper political activities. Such actions could include programs signing a certification, highlighting prohibitions in a member training manual, and adding a clause to the member contract. The Corporation will continue to investigate, on a priority basis, every allegation brought to our attention. It is important to note, however, that fewer than two percent of AmeriCorps programs have been accused of such activities. The Corporation has investigated every case brought to its attention and, in the case of ACORN Housing, acted quickly to terminate the grantee for improper activities.

4. Decrease Reliance on Corporation Funding

As a group AmeriCorps programs exceeded goals for private sector fundraising, raising more than \$41 million last year. To further encourage such private sector partnerships, in the 1996-97 renewal documents the Corporation makes it clear that all AmeriCorps programs should secure some funding from nongovernmental sources. We are also increasing the matching requirement for program support for which grantees are responsible from 25 to 33 percent.

5. Increase "Education Award Only" Programs

As you have urged, we are developing a plan to expand substantially the number of sponsors who receive no direct funding from the Corporation, but whose members receive education awards from the National Service Trust. This arrangement may have special appeal

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for religious organizations, higher education institutions, and other organizations with alternative sources of funding. The Act authorizes such awards, and we have piloted a program providing such awards on a competitive basis to the nation's governors. Expanding this program will increase the Corporation's cooperation with the larger world of nonprofit service organizations.

6. Increased Collaboration with National Nonprofit Organizations

We are strengthening and increasing our collaboration with national nonprofit service organizations. Working with such groups as Habitat for Humanity, Big Brothers/Big Sisters, the American Red Cross, and with a growing number of religious service organizations such as the Sisters of Notre Dame de Namur and the National Council of Churches, members of AmeriCorps and of other programs of the Corporation such as Learn and Serve America and the Senior Corps are contributing directly to the strengthening and expansion of the independent civic and service sector of our society. Our special partnership with the American Red Cross, for instance, is enabling hundreds of Red Cross trained AmeriCorps members to respond on call by the Red Cross to serve as team leaders in natural disasters such as the recent floods along the Susquehanna River.

When I recently visited AmeriCorps teams working to help the 10,000 families hit by the flood in Pennsylvania, Red Cross officers emphasized the vital role they were playing in helping to utilize effectively more than 2,000 local volunteers. Millard Fuller, founder of Habitat for Humanity, turned from skeptic to enthusiast for the work of AmeriCorps members by seeing how their dedicated service in Habitat projects multiplied the number of unpaid volunteers effectively used and the number of houses built. We intend greater emphasis on such partnerships.

7. Increase State Autonomy

From the beginning, the Corporation has been a partnership between the Federal Government and the states. Consistent with this outlook, we have informed the governor-appointed national service commissions in each state that if they have instituted appropriate peer review processes, the Corporation will no longer review their formula grant selections. As the states enhance their capacity, further devolution will occur.

8. Improve the Grant Review Process

As you know, Senator Bond has expressed interest in the Corporation's grant review process. Our Inspector General has recently completed an examination of that process. While concluding that the Corporation acted within its discretion in those few instances when it awarded grants to lower ranked applicants at the expense of higher ranked applications, the Inspector General also finds some areas where we could strengthen grant competitions. We are

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currently reviewing the Inspector General's draft recommendations regarding the improvement of the peer review process and plan to implement quickly those that are workable. We will keep you informed of the steps we take. We have identified other ways to improve this critical process as well, and will pilot test them during our next review of new grant proposals.

9. Expand Efforts in Evaluation

The Corporation has taken seriously its commitment to make evaluation a central component of the management of AmeriCorps. The evaluation system we have in place provides valuable information about the impact of the program and encourages individual sponsors to track their efforts. As AmeriCorps matures, however, our evaluation needs will change, and as it becomes larger and more decentralized, we will be increasingly constrained in our capacity to monitor and evaluate. Among our goals are to develop evaluation systems that make increasing use of our network of service programs and their expertise, and to encourage and work in close coordination with private and independent sector efforts to evaluate service programs.

10. Increase and Strengthen Unpaid Volunteers

George Romney called full-time national service and traditional unpaid community volunteering "the twin engines" for civic action that pulling together could solve some of our critical educational, environmental, and social problems. A few days before he died George proposed that the Act itself, when reauthorized, should be named the "National Service and Community Volunteering Act of 1996". I agreed with him to propose that change and other changes emphasizing the role of AmeriCorps members as recruiters, organizers, and leaders of part-time, unpaid volunteers. I assured him I would do everything in my power within the present law to see that in AmeriCorps projects, high priority is given to such assignments.

Many of the best programs in which AmeriCorps members work already do just that, multiplying the number of community volunteers and the things that get done by the two forces working together. In addition to the examples already noted of volunteer generation in our work with such large nonprofits as Habitat for Humanity and the Red Cross, we are increasing the number of projects in which AmeriCorps members organize and lead secondary school or college volunteers in unpaid community service. We have now made this volunteer-generation factor a priority in the 1997 competition for project renewals.

I should note that the AmeriCorps record in volunteer generation in its first year was quite remarkable. In the fourth quarter, over three additional community volunteers were recruited for every AmeriCorps member serving. From July 1, 1995, through September 30, 1995, it is estimated AmeriCorps members recruited at least 73,000 volunteers who contributed over 700,000 hours of service to their communities, or an average of about ten hours for every

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volunteer recruited. By further emphasizing this role we will increase the value added by each AmeriCorps member and by each federal dollar invested in national service.

* * *

The President and the Congress intended that the Corporation for National Service evolve to face changing situations with creativity, agility, and lack of bureaucracy. From the beginning, we have been engaged in a process of continuous improvement to lower our costs, to improve the ability of our partners to increase the share of costs they bear through fundraising, to devolve responsibility to the states, to root ourselves squarely in the continuum of service that runs from traditional volunteering to full-time service with living allowances and education awards, and from school-based service to Senior Corps programs, to be nonpartisan and firm in our policies against political advocacy, and to make our internal systems more effective.

The items I have outlined above are some of the steps we are taking to achieve these goals. These are steps we can take under the existing statute. These changes significantly address concerns raised by our critics. Further reform can occur during the reauthorization process this spring and summer. That process, which I hope will begin soon, will be the appropriate venue to determine other significant changes.

You have proposed increasing the private sector or nonfederal match, and have suggested a specific cap on costs per AmeriCorps member. As you know, this is a complex matter and we want to consider carefully any unintended consequences that would adversely affect rural areas and economically disadvantaged urban communities whose access to the private sector may be limited, or affect the autonomy of local nonprofit organizations and youth service corps supported in part by state or local governments. Nevertheless, I believe an increase in the match can be phased in, and per member Corporation costs can be further reduced and limited, whether through a cap or other measures.

In my Senate confirmation hearing, I said that I would put to leaders of major corporations, foundations, and educational and nonprofit organizations the question: To what extent can the private and independent institutions, including colleges and universities, and also units of state and local government such as schools and police forces contribute more of the resources and assume even more of the responsibility? I am pursuing that possibility actively and will keep you up-to-date.

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I am ready to sit down with you and other Members of Congress to consider all the above -- and other -- ways to improve and strengthen the program. I look forward to such discussions with you about legislative or administrative changes that can be accomplished to move us further along the lines you and I and the President favor.

So I hope very much you will work with Senator Bond and Senator Specter in the 1996 and 1997 appropriations process for AmeriCorps and other Corporation programs, and with Senator Kassebaum and the Committee on Labor and Human Resources to reauthorize the Corporation. Together I believe we can create a national service program in which we can all be proud partners.

Sincerely,

Harris Wofford
Chief Executive Officer

• MELANNE VERVEER •

Pls make a
copy



The President's Interagency Council on Women

February 27, 1996

TO: Melanne Verveer, Office of the First Lady
Elaine Shocas, US Mission to the UN/Washington
Sarah Kovner, Office of the Secretary, HHS

FROM: *JS*
Lycia Sibilla, President's Interagency Council on Women

SUBJECT: Diplomatic Corps Coffee

Ambassador Molly Raiser, Chief of Protocol, has offered to host a coffee for foreign Ambassadors and their spouses on March 22 in the Ben Franklin room at the State Department. The focus of the meeting will be for governments to share ideas on implementing the Women's Conference Platform for Action.

We welcome the participation of the First Lady, Ambassador Albright and Secretary Shalala at this event. This is a wonderful opportunity to strengthen support for Beijing follow-up activities and would demonstrate continued U.S. leadership in these efforts.

Please let us know of your principal's availability so that we can move ahead with the invitations and program.

cleared:
TLoar *TL*
JBaldridge/Office of Protocol *JS* for

Service and Volunteering

The Twin Engines of Citizen Power

By Harris Wofford

As Washington rethinks its role in everything from health care to welfare, from education to the environment, one theme consistently emerges from leaders of both parties: the need for ordinary citizens to take a more active role in solving problems in their community. This is not a new idea—it's as old as America. But it has acquired a new urgency in the face of government downsizing and mounting problems in our communities.

Our greatest problems in the post-Cold War era are not from abroad but from within—disintegration of families, teenage pregnancy, drugs, homelessness, crime, illiteracy, to name some of the worst. Topping this off is a pervasive cynicism and a feeling of powerlessness which paralyzes many into inaction.

All this cries out for a vibrant voluntary sector and an expanding program of national and community service. Full-time service and part-time volunteering are twin engines of citizen power that can help us meet many of the challenges we face in our neighborhoods and our nation.

If key parts of the welfare state are to be dismantled and the career bureaucracy of federal, state and local governments greatly reduced, the problems of education, neighborhood safety, health and the environ-



Harris Wofford, CEO, Corporation for National Service

ment call for alternative and more effective ways to act.

The trends of government downsizing and growing social problems make the work of volunteer engagement more important today than ever before.

To help mobilize millions of new volunteers and make their service have more impact, we must be more creative and more persistent. We need to target the vast untapped potential of seniors and students, and try new approaches like the workplace and family volunteering models being promoted by The Points of Light Foundation. People volunteer when they are asked. We

need to do more asking—and be prepared with more assignments for those who answer the call.

One clue of what to do is to practice what we preach. We preach that it is more blessed to give than to receive, that it is better to serve than to be served. Yet we often overlook the obvious—asking the people we serve to volunteer themselves. Big Brothers and Big Sisters are beginning to do just that with their partner brothers and sisters through the Shared Service Experience program. The two million young people being served through the Boys and Girls Clubs are being asked to lift their sights to service. Imagine the powerful contribution that would be involved if service became a major dimension of these youth-serving organizations—if every such organization asked its members to serve?

At the Corporation for National Service we are working with The Points of Light Foundation and our other partners to strengthen the voluntary sector and unleash citizen power. Through Learn and Serve America, hundreds of thousands of students from kindergarten through graduate school are helping their communities and improving their academic skills in the process. Our three National Senior Corps programs—Foster Grandparents,

Retired and Senior Volunteer Program and Senior Companions—are tapping the skills and experience of a half million older Americans. But together we must do far more to realize the potential for service of 40 million seniors and about that number of young people.

In its short existence, AmeriCorps, too, is proving itself to be a cost effective way to meet community needs. The accomplishments of the first class of AmeriCorps were judged impressive by every independent observer and by the 1,000 communities it operated in last year. A cost-benefit study by a team of conservative economists predicted that each dollar invested in AmeriCorps returned at least \$1.60 to \$2.60 in direct, measurable benefits. These solid results led *Newsweek* writer Steve Waldman to suggest giving AmeriCorps 50 cents of every dollar cut from downsized government programs.

AmeriCorps members get things done in education, the environment, public safety and health through their direct service, and perhaps just as importantly, through the volunteers they enlist and help organize. Because they serve every day, AmeriCorps members can recruit, train and supervise more unpaid volunteers. They can become a cadre of leaders who stay with a project from beginning to end.

That's why the American Red Cross has joined in a special partnership with the Corporation in using AmeriCorps members in disasters and emergencies. Moreover, the intensity of the full time experience for AmeriCorps members instills "habits of the heart" that will lead them into a lifetime of volunteering.

In Miami, 23 AmeriCorps members with Habitat for Humanity worked with residents recovering from Hurricane Andrew. They recruited and trained and worked alongside 5,000 volunteers, including college students who came to Miami over spring break.

They built more than 90 new homes for working families, and Habitat says they never could have done it without AmeriCorps. This is just one example of the constructive power that can be released when the twin engines of full-time service and part-time volunteering run in harmony.

Service, whether full or part time, is a powerful way to strengthen our communities and unite people from all different backgrounds in the common effort to solve common problems. With Americans looking at each other across a racial divide, our land cries out for something to bring us together. National service can be that reconnection—that rediscovery of the bonds of friendship, teamwork and community that should bind us together as fellow citizens.

A century ago the American writer Herman Melville said, "We cannot live for ourselves alone. Our

lives are connected by a thousand invisible threads, and along these sympathetic fibers, our actions run as causes and return to us as results." Service reminds us that we are all connected, that we are all part of that intricate fabric.

To release the full power of community volunteering and national service, there is an essential precondition. We must work together to get national service established in the public mind as a non-partisan institution in which the American people can all take pride.

Service isn't a Democratic or Republican, a conservative or liberal idea. If there is any idea that is truly all-American, that is the common ground for citizens tired of the politics of politics—it is national service. And it will prove itself, not by anyone's words, but by the deeds of Corps members and community volunteers. ■

THIS NEW YEAR, MAKE A FEW RESOLUTIONS FOR SOMEONE ELSE



Imagine the result if every American resolved in 1996 to do three, five, or even a dozen constructive things for his or her community.

In its work to build volunteerism, the Points of Light Foundation is proud to be a part of the Alliance of National Renewal, a national coalition of more than 130 organizations dedicated to bringing about this kind of change. To that end, ANR is offering a special poster/calendar designed to make volunteering easier.

Entitled "96 Things You Can Do for Your Community in '96," these 22-by-36-inch posters are a valuable resource and guide to community services and programs offered by such ANR partners as the American Association of Retired Persons, United Way, Habitat for Humanity, Neighborhood Reinvestment Corporation and, of course, Points of Light.

To order an ANR calendar, call the National Civic League, 800-223-6004.

Price, including shipping (rolled in a tube): \$6.50 for 1st calendar, \$4 each for up to four additional calendars, \$3 each for six or more additional copies.

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MEMORANDUM FOR DISTRIBUTION

FROM: Harris Wofford and Shirley Sagawa

Re: AmeriCorps Reauthorization and Cost-Cutting Proposal

Date: March 6, 1996

Reauthorization Strategy

We need to come to consensus, as quickly as possible, on a strategy that will enable AmeriCorps to continue to thrive in 1997 and beyond. Our authorization expires at the end of FY 1996. Some of the options we have considered are:

1. Pursue a "traditional" reauthorization, with a Senate-first strategy, with the Administration submitting a reauthorization bill with only modest changes, or preparing a "statement of principles" for discussion.
2. Pursue a reauthorization with no Administration bill, but asking a bipartisan group of supporters off of the Labor and Human Resources Committee to introduce a bill and push the Committee to take action.
3. Assume no reauthorization this year, due to election year politics and the short schedule, seek an appropriation without an authorization, and work on a reauthorization bill next year.
4. Develop and unveil a "reform plan" that will inoculate the program against criticisms of opponents. The plan may be either a legislative package that could be part of a FY 1997 appropriations deal, the basis for a reauthorization bill, or a set of administrative changes.

These strategies are not mutually exclusive. We are currently preparing for any of the above options to unfold. We have reason to believe that our most vocal critic, Senator Grassley, would be willing to endorse AmeriCorps if we could publicly agree to a reform plan that would limit AmeriCorps costs. This memo lays out the core of a cost-cutting plan that could allow us to gain Senator Grassley's support while enabling the program to grow more rapidly. We believe these changes can be achieved without amending the statute, although they may also form the basis of a reauthorization proposal, appropriations deal, or reform package.

Cost-Cutting Proposals

1. Establish cost-savings goals.

We believe we could responsibly agree to an average per Member cost to the Corporation of not more than \$15,000, to be phased in by FY1999. In addition, we could agree that no AmeriCorps program would have a per Member cost exceeding \$20,000, to be phased in by FY1999. The per

Member cost would be calculated by adding the budgeted Corporation costs of the education award, AmeriCorps grant (living allowance and Member support, plus program support), and Corporation and State Commission overhead that is directly attributable to AmeriCorps. The GAO estimated that the comparable figure for the average per Member cost in FY1995 was \$17,629; we believe it is actually slightly higher. See the options at the end of the discussion for achieving this objective.

2. Living allowance

In order to achieve the above goals, we would need to review our policies relating to the living allowance paid to Members. Under the existing statute, the standard living allowance is \$7,945. For a 52-week program, that works out to a little bit more than \$150 per week with the Corporation share being a little more than \$125 per week. However, due to the way the statute is written, a 40 week program (in which the Members serve the full 1700 hours over 40 weeks instead of 52 weeks), end up providing a living allowance of almost \$200 a week-- this amount is derived by dividing the annual living allowance of \$7945 by the number of weeks of the program. We may be able to save money by using our waiver authority to enable programs that operate for less than 52 weeks to pay \$150 per week, rather than the higher amount they are now required to pay. The net effect would be that the Corporation's share of the living allowance would go from \$6,800 to \$5,200 for those programs that are 40 weeks, and the Member's actual pay would go from \$7,900 to \$6,100 for that period, unless the local program increases the match.

3. Program costs

There are several ways to reduce program costs (the amount of the grant provided to programs that is not used for Member living allowances and benefits). Program costs cover staff, Member training, transportation, insurance, recruitment, and other items. Currently, the average grant amount to cover program costs is about \$5,500, although the range is large. To reduce this amount and simplify the program, we could determine a flat amount that the Corporation would provide per full-time Member and increase the matching funds required. To ensure continued participation of high quality programs for whom the restricted grant amount would pose a hardship, we might reserve a fund that could be tapped by rural programs, new start-ups, residential programs, etc.

Options range from a cap of \$3,000 plus 10% in a hardship fund; to \$5,000 plus no hardship fund; to varying caps per type of program, with an average of no more than \$5,000.

3. Cost-share partnerships

To bring down the average per Member cost, the Corporation plans to work aggressively to develop partnerships with organizations that can pay the living allowances and program costs of AmeriCorps from other sources, with the Corporation providing only the education award. We might emphasize:

- A. VISTA cost share arrangements, in which VISTA sponsors receive a VISTA free of charge for two years, but agree to pay the VISTA living allowance in subsequent years.
- B. Higher education part-time programs, especially those that use college students to organize younger volunteers. Students would serve a minimum of 900 hours over two years.
- C. Programs operated by religious organizations, such as Catholic, Protestant, or Jewish lay volunteers, who do not want to apply for grant money.

The suboptions under this cost saving option are related to what percent of the total program is comprised of such "cost share partnerships." The potential range is between 10-25%.

Summary of Potential Options for Meeting Corporation Cost-Cutting Goals**Average Corporation Costs Where Corporation Supports All Items**

<u>Member Costs</u>	<u>Current Program</u>	<u>Reform</u>
Education Award	4,725	4,725
Living Allowance	6,800	up to 6,800
Other	1,800	1,800
Subtotal	13,325	up to 13,325
Program grant	5,500	up to 5,000
Recruitment, admin., etc. 2/	2,000	2,000
TOTAL	20,775	up to 20,275
Average, taking into account cost share proposals/other items	19,000	15,000 1/

1/ By 1999. Assumes about 25% of program will be "cost share proposals," that living allowance will be lowered an average of \$1,000, and that program grants will be lowered an average of \$1,500.

2/ Rough calculation that includes administration, recruitment, evaluation, etc.

*file with
person*

May 6, 1996

MEMORANDUM FOR: ALICE RIVLIN
JACK LEW

FROM: Ken Apfel

SUBJECT: Next Steps on National Service

As a follow-up to the favorable treatment the Corporation for National and Community Service (CNCS) received in the final FY 1996 appropriations action, I met Friday with Harris Wofford, and his staff.

The CNCS made an agreement with Senator Grassley to develop goals and timetables for cost-cutting measures in exchange for his support for CNCS funding in the VA-HUD appropriations bill. The CNCS has developed a framework that will reduce overall costs and, in particular, per participant costs. Through implementing a variety of cost-reductions, the CNCS will seek to reduce its cost share per participant to \$17,000 in 1997, \$16,000 in 1998 and \$15,000 in 1999. The CNCS's current per participant cost is over \$18,000. The main tenets of the plan follow.

- Multi-year Grants. CNCS plans to make multi-year grants to proven, quality programs. These grants may be renewed without recompeting each year but will be subject to review to determine if they are meeting their goals. CNCS grantees report that it is easier to raise funds long-term if a long-term commitment for a grant is received. CNCS can reduce costs if grantees can raise funds more easily.
- Standardize Stipends. The CNCS can save up to \$1,000 per member in support costs if members are paid \$150 per week and if programs operate the same number weeks (e.g. roughly 40 weeks as is the case for many projects operating from September through June).
- Standardize Support Costs. To reduce program and administrative costs, the CNCS proposes phasing in a "fixed grant" system that would provide a flat amount of support per member, about \$3,000. Reducing support costs would require the programs to increase matching funds raised from the community. Disadvantaged communities that would find a higher match a hardship may apply to the CNCS for additional funds.

This is in line with the FY 1996 appropriation language that encourages the CNCS to increase the match amount.

- Increase Education Award Partnerships. As part of the Grassley agreement, the CNCS has committed to creating \$10 million worth of education award partnerships in Program Year 1996-97. In these partnerships the CNCS contributes the education award and administrative costs, and the partner contributes the member and program support costs. An education award partnership averages about \$7,000 (\$4,725 education award + \$2,275 CNCS/State Commission administrative costs) compared to the current per participant cost of over \$18,000.
- Consider Increasing Part-time Programs. The CNCS has found that part-time service programs cost more per member than full-time programs. Although Senator Mikulski has been a key supporter of part-time programming, reducing part-time programming would reduce costs. The CNCS will identify part-time programs in higher educational institutions or other organizations where part-time or education award partnerships are feasible (CNCS provides only a pro-rata education award based on the amount of service).

If national service participants increase over the current level of 25,000, CNCS will realize additional savings since overhead costs will not increase proportionally to the increase in members.

The CNCS has a Senate reauthorization hearing on May 21, 1996 and Harris would like to roll-out the cost-cutting measures in his testimony at that time. We think the framework makes sense and will continue to work with the CNCS as it develops the details of this framework.

If you agree with the CNCS proposed cost-cutting measures outlined above, then I will shop it around to the appropriate people at the White House.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM FOR: GENE SPERLING
MELANNE VERVEER

FROM: Ken Apfel 

SUBJECT: Cost-Reduction Plan for National Service

DATE: May 14, 1996

As you know, the Administration made a commitment to develop a non-legislative plan to improve National Service by reducing costs in the program. Harris Wofford plans to roll-out the proposal when he testifies on May 21 at a Senate hearing on the reauthorization of National Service. I recently met with Harris to talk through his proposals for cost-reduction measures and am sending you the memo I gave to Alice Rivlin and Jack Lew summarizing this plan. OMB agrees that this proposal has merit and that it is consistent with principles for improving National Service that we have all discussed.

I want you to have a chance to take a look at the plan before we receive and clear Harris's testimony next week. Please give me a call right away if you see any problems.

April 25, 1996

PRESENTATION OF THE PRESIDENT'S SERVICE AWARDS

DATE:	April 26, 1996
LOCATION:	Room 450, OEOB
TIME:	10:15 am
FROM:	Katy Button

I. PURPOSE

To present the President's Service Awards to this year's honorees before an audience of distinguished corporate, philanthropic, religious and civic leaders as part of National Volunteer Week.

II. BACKGROUND

The President's Service Award, created in 1982 by Executive Order, is the highest honor that the President can bestow in the field of national service and community volunteerism. The purpose of the Service Award is to recognize approximately twenty individuals and organizations for their outstanding service efforts, and to draw public attention to the contributions made by the 90 million volunteers across the country. The awards have been presented by the President and/or First Lady every year for the past four Administrations.

The Service Award is sponsored and managed by the Points of Light Foundation, in cooperation with the Corporation for National Service. This year, over 4,000 nominations were submitted and reviewed in five categories: education, human services, the environment, public safety, employee volunteer programs, and union member volunteer programs. The winners are selected by Eli Segal and a group of prominent leaders in the volunteer and community service sector (see attached list). A complete list of the winners is also attached.

In addition to this awards presentation, over two hundred service events are taking place this week as part of National Volunteer Week. These service efforts, which are being led by AmeriCorps and other national service projects across the country, include Earth Day clean-ups, National Youth Service Day community playground construction projects, Christmas in April rehabilitations, Mitzvah Day projects, Habitat for Humanity projects, immunization drives, literacy campaigns, and others. It is estimated that up to a million volunteers are participating in these events nationwide.

Every year as part of National Volunteer Week, USA TODAY presents the USA WEEKEND's "Make a Difference Day Award" to 10 honorees who performed extraordinary acts of volunteerism on Make a Difference Day (October 28). These Award winners will also be in the audience for today's event and will be recognized during your remarks.

III. PARTICIPANTS

- The First Lady
- Harris Wofford, CEO, Corporation for National Service
- Mr. Bob Goodwin, CEO, Points of Light Foundation
- 20 President's Service Award winners
- 15 Make a Difference Day Award winners
- 150 invited guests, including corporate leaders, public officials, leaders of national charities, religious organizations, civic institutions and non-profits

IV. SEQUENCE OF EVENTS

- HRC arrives in the OEOB and drops by the Indian Treaty Room to greet the Award winners and the event sponsors and do a photo receiving line (approximately 25-30 people).
- HRC proceeds to hold outside 450, where she is briefed with Harris Wofford and Bob Goodwin, CEO of the Points of Light Foundation (bio attached).
- HRC, Harris Wofford and Mr. Goodwin are announced on stage.
- Harris Wofford makes remarks and intros HRC
- HRC makes remarks
- Awards are presented in the following format:
 - Harris Wofford reads the name of the winner and a 20 second description of the individual/organization.
 - Mr. Goodwin hands the award to HRC, who presents it to the winner.
- HRC returns to podium and closes program.
- HRC departs

V. PRESS PLAN

Open Press

VI. REMARKS

Provided by Gabrielle Bushman

POINTS OF LIGHT FOUNDATION

ROBERT K. GOODWIN President and Chief Operating Officer

Robert K. Goodwin joined The Points of Light Foundation in March, 1992 as Executive Vice President and Chief Operating Officer. In this position, he manages every aspect of the Foundation's mission and operations.

Prior to joining the Foundation, Mr. Goodwin served as executive director of the U.S. Department of Education's White House Initiative on Historically Black Colleges and Universities (HBCU's). As executive director, he brought together representatives from the Federal government, HBCU's, other institutions of higher education and the private sector to formulate creative strategies for strengthening the nation's black institutions of higher learning.

Before that, Mr. Goodwin was assistant deputy chancellor for external affairs for Texas A&M University. He was responsible for coordinating congressional legislative and community outreach activities for the university system.

In 1985, after managing the marketing and sales activities of the Houston, TX branch of the National University Society for five years, Mr. Goodwin served as director of public information and then as associate vice president for university relations at Prairie View A&M University.

Earlier in his career, Mr. Goodwin was publisher of his family-owned weekly newspaper, the OKLAHOMA EAGLE. He expanded the readership of the publication into other communities in Oklahoma and Kansas. He has also served as an associate pastor of several churches in Oklahoma and California.

Mr. Goodwin received his BA degree from Oral Roberts University in 1970. After completing course work for a MA in Social Psychology at the University of Tulsa, he received a MA in Philosophy (Christian Ethics) from the San Francisco Theological Seminary and did further graduate study at Texas A&M University. He is the recipient of honorary doctorates from the University of Maryland-Eastern Shore and LeMoyne Owen College.

Mr. Goodwin is married to Harriette Lott of Austin, TX. They have two sons; Perry, 26 and Sean, 24.

1996 President's Service Award Winners

After Hours Chicago, Illinois

At Albany Park Multicultural Academy, a middle school where 92% of its students receive free/reduced rate breakfasts and lunches, 21 different languages are spoken and most students do not have opportunities for constructive after-school activities. In response to this situation, nearby North Park College's Urban Outreach Program developed an after-school program called After Hours. Since its inception in 1994, the program has expanded to offer seventeen programs including mentoring, athletic teams, poetry and art classes, and discussion groups on multicultural issues. There are currently over 100 college students involved as volunteers, twenty of whom are responsible for administering the various programs. 200 middle school students participate in After Hours.

Dolores Sheen Blunt Los Angeles, California

Founded in 1971, the Sheenway School and Culture Center is a private independent school (K-12) and community center which offers the youth in the Watts/South Central area opportunities to excel and escape the cycle of poverty. Dolores Sheen Blunt is the driving force behind the successes of the school. Receiving no salary for her work, Dolores has created a unique educational environment that allows the school's 60 students to gravitate toward their interests. The school offers students excellent humanities and language courses as well as regular celebrations of different cultures and traditions. Students also maintain vegetable gardens and care for animals, learning responsibility. Dolores has also started a Sheenway school in Ghana.

Kelly Buller Los Angeles, California

In January of 1995, Kelly Buller, a second year UCLA medical student, established the Prenatal and Pediatric Well-Child Care Project for low income, high-risk pregnant women many of whom are teenagers. By matching first and second year UCLA medical students with the expectant mothers, the expectant mothers have experienced better relationships and communication with the doctors, increased social support through the students, improved education on health-related topics and enhanced health for themselves and their children. The Prenatal Project now includes 67 students and matching women in six clinics and four hospitals.

**Carpenters Union Local 217
Foster City, California**

The Carpenters Union Local 217 offers the unemployed of East Palo Alto unique opportunities for job training and readily responds to community requests for help with building projects. Through a program called Project Build, the Union supports craft apprenticeship programs for unemployed citizens of East Palo Alto. With the help of the Opportunities Industrial Center West (OICW), a training and support agency for the community that administers the program, the Carpenter's Union has worked with over 60 individuals who are now receiving salaries and benefits as part of their apprenticeships. The Union also engages its members in hands-on outreach and renovation programs such as a recent project involving the building of a 500-foot redwood fence for the YMCA.

**Faye and Frank Clarke
Cincinnati, Ohio**

In 1993, the Clarkes created the Educate the Children Foundation to secure surplus school supplies from businesses and other school districts and arrange for the transportation of the materials to school districts in need. In 1994 alone, the Clarkes coordinated the donation of \$6.5 million worth of goods and services. In addition to their work with needy U.S. schools, the Clarkes coordinated the distribution of several tons of educational packets of paper, crayons, scissors and calculators that were transported to Haiti and individually distributed by U.S. troops to public and parochial students there. The Clarkes have also involved area prisons in the project, having inmates refurbish old and damaged desks, chairs and tables which are then re-distributed to the schools.

**Jason Dinger
Nashville, Tennessee**

To address the issue of homelessness in Nashville and to increase the student body's awareness about homelessness, Jason Dinger, a student at Vanderbilt University, established a student service organization called Chrysalis. The group's goal is to build community between Vanderbilt students and Nashville's homeless persons by focusing on education, awareness, empowerment and esteem-building. Since its inception in 1994, the organization has developed six different programs staffed by over 30 student volunteers. Programs include displays of art by homeless children, production and distribution of a card with the phone numbers of help lines for the homeless, and a newsletter featuring the stories of homeless people.

**Francisco (Frank) J. Garcia, Sr.
Anaheim, California**

In 1988, Frank Garcia, a restaurant owner, served a Thanksgiving meal to over 3,000 needy individuals. Over the years, he has expanded his capacity, feeding more and more people a special holiday meal. Last Thanksgiving, Frank led 500 volunteers in preparing and serving a complete home cooked turkey dinner to 15,000 needy individuals and families. Each year, Frank organizes the event, collects the food through donations and wholesale prices, secures space in the kitchens of restaurants and hotels for food preparation and recruits volunteers to help prepare and serve the food. Along with good food, those attending the meal receive information on agencies that offer a variety of services to the homeless and needy.

**Betty Ann Good
Miami, Florida**

Betty Ann Good has initiated at least 10 major citizen crime prevention programs that are considered vital components of Florida's efforts to prevent and combat crime and drug use. She created the Citizen's Crime Watch of Dade County which grew to include several communities in Florida and spread nationwide. To help children avoid victimization and self-destruction, she started the Dade County Youth Crime Watch in 1979. Based on the successes of this effort, she founded Youth Crime Watch of America, Inc. (YCWA) in 1986. Unlike other youth crime prevention programs where well-intentioned adults attempt to solve the problems, YCWA enables youth to actively participate in planning and implementing programs including drug and crime prevention education, school bus safety projects, youth mentoring programs, conflict resolution forums and youth action projects.

**Independent Bikers For Toys For Tots
Ozone Park, New York**

In 1981, a group of 27 motorcyclists approached various agencies, looking for a meaningful way to help others. After being turned away by others, the group established a relationship with Bernard Finess Developmental Center (BFDC), a residential center serving over 500 mentally and developmentally disabled children. The group, Independent Bikers for Toys for Tots, has organized many projects to benefit BFDC. A "motorcycle parade" party, admission to which is donation of a toy, was attended by 6000 bikers last year. The bikers also participated in the construction of outdoor play and sports facilities at the center and raised money to send several BFDC residents to Disney World. The bikers' group now has 7,000 members who regularly respond to requests for assistance from BFDC.

Alice Lawrence
Anchorage, Alaska

In the past 25 years, Alice Lawrence has seen her neighborhood become increasingly crime-ridden and drug-infested. In response, she began feeding the hungry from her kitchen, helping the homeless find housing, caring for children in her home, and giving out food, clothing and household items to the needy. To combat crime, Alice initiated a neighborhood crime watch. Alice now helps 200 people a day from her home, six days a week. Her only request to those she helps is that they spend some time helping her secure and sort donations or prepare food for others.

David Russell Levitt
Seminole, Florida

Inspired by an article about schools in Kentucky donating food to the needy, David Russell Levitt, an eighth-grader, coordinated the regular donation of leftover school food to the hungry through the Tampa Bay Harvest. David overcame many obstacles, obtaining the necessary approval and meeting health department standards, in order to launch a pilot food donation program at his school in November of 1994. By June 1995, 72 schools were donating leftovers. Since September 1995, all 92 schools in the school district have been involved and David is working to involve other districts in the project. In 1995, through David's efforts, over 55,000 pounds of food were donated to the hungry.

Loews Hotels
New York, New York

In May 1991, Loews Hotels launched their Good Neighbor Policy to expand its community outreach efforts. Backed by the endorsement and participation of senior officials, the program has been highly successful. Loews encourages and enables each hotel branch across the country to engage in regular service projects. Projects range from collecting goods for the needy to engaging employees and guests in assembling gift baskets for poor children with AIDS to organizing a huge "Monopoly Power Breakfast" to raise funds for charities. Since 1988, Loews has raised over \$550,000 for charity.

The Natural Guard
New Haven, Connecticut

The Natural Guard, established in 1990, involves youth age 6 to 17 in projects to protect the environment and promote awareness. The group currently involves over 1,000 people. Maintaining gardens on city plots, the program offers learning experiences for volunteers and donates 80% of the produce to local soup kitchens. The youth also engage in major beach clean-up efforts and have developed programs to educate the public concerning the dangers of paint and lead pollution.

**Northrop Grumman
High School Involvement Partnership Program
Los Angeles, California**

The High School Involvement Partnership (HIP), established by Northrop Grumman in 1971, offers inner-city students the opportunity to prepare for vocational careers through a learn-by-doing instructional program. Offering a choice of training in 40 career areas and one-on-one pairing of students with Northrop Grumman employees, HIP provides selected high school seniors with 16 weeks of on-the-job training and meaningful mentoring relationships. Currently 250 employees participate in the program which serves eight school districts. In 1995, 200 students graduated from the program.

**Ray Simoni
Toledo, Ohio**

Over the years, the historic north end of Toledo has become plagued with crime and the streets have been increasingly littered with needles and condoms. A resident of the area, Ray Simoni, decided something had to be done. During the summer of 1992, he knocked on every door in his neighborhood and mobilized 350 people to form a group called the North Corridor Coalition. The group has worked tirelessly to rid their neighborhood of prostitution and drugs. Using innovative methods such as publicizing the names and photographs of those who come to their neighborhood to solicit prostitutes and buy drugs and running address checks on solicitors by checking license plates, the group embarrasses clients and attacks the demand for illegal services and substances. Ray has also spearheaded the demolition of 19 blighted and condemned houses and led marches to campaign for community policing.

**Phillip J. Stevens
Newport Beach, California**

For the past 27 years, Phillip J. Stevens has worked to improve the quality of life on two Sioux reservations in South Dakota through a group he initiated called the Walking Shield American Indian Society. The Society's work includes the rebuilding of dilapidated housing and the construction of new homes for those in need as well as the securing of scholarships for Native American youth. Phillip has been responsible for collecting 480,000 pounds of clothes; 15,000 pairs of new shoes and boots; 400,000 pounds of food; 600,000 new books for the reservations' schools and libraries; 15,000 new toys for Christmas; 500,000 pounds of building materials; 153 fully winterized, reconditioned, transportable houses; and 10 tractor-trailer loads of pews for the churches.

**Stone Soup Partnership
Fresno, California**

Since 1992, The Stone Soup Partnership (SSP), a collaborative project of educational institutions, community-based organizations, local churches, businesses and hundreds of volunteers, has worked to build youth leadership, offer positive alternatives for children at risk and empower the adults in the community. Using the distinctive competencies of volunteers, the group began by offering fun and educational activities for youth to occupy their time productively in the evenings. Activities have expanded to involve literacy classes, mentoring programs, leadership training, summer camps, and clothing and food distribution. Over 7500 residents in El Dorado Park, a low-income high-risk neighborhood of Fresno, now receive a variety of services provided by the 200-300 SSP volunteers.

**Summit House
High Point, North Carolina**

Established in 1987, the Summit House is a prison residential program for female offenders which maintains the family unit while empowering mothers to become competent, productive members of society. The purpose is to strengthen the family and change behavior that leads to crime by providing a closely supervised and highly structured program of therapeutic intervention and rehabilitation. Summit House has been highly successful -- 80% of the women who participate do not return to prison as compared to a 50-60% recidivism rate in the prison system. The Summit House program is now used at three prison sites.

**Times² Inc.
Providence, Rhode Island**

Times² Inc. was established in 1979 to encourage and increase the number of African American, Latino and Native American students interested in learning and pursuing careers in math, science and engineering by bringing youth together with community volunteers and experts in these fields. By connecting volunteer teachers, parents, business executives, scientists, mathematicians and engineers with universities, corporations, research labs, government agencies and other related organizations, Times² offers minority students a variety of academic enhancement activities including field trips, demonstrations, science fairs and hands-on workshops to complement and enrich their perspective and knowledge.

**Yakima Alley Cats
Yakima, Washington**

Started in 1992, a group called the Yakima Alley Cats offers an alternative to gangs and drugs for inner-city youth age 5-21 from all economic, social and ethnic backgrounds while working to clean up the city. The group consists of over 100 youth and several parent volunteers from two high schools, two middle schools and an elementary school who work to remove graffiti from the Yakima's alley ways, paint cultural murals, and clean up litter and vacant lots. The program also offers youth leadership opportunities as they participate in community seminars focusing on conflict resolution and offers them assistance in training for and finding summer jobs. In 1995, the youth were responsible for completing over 60 major clean-up projects. They also completed six murals, the largest being over 3,000 feet long.

Harris Wofford
President's Service Awards
Old Executive Office Building Auditorium
Friday, April 26, 1996

It is my great pleasure to welcome all of you to the 1996 President's Service Awards. We are here today to recognize outstanding groups and individuals in the world of service and to celebrate the spirit of service that is the essence of America.

The President's Service Awards are the highest honor given by the President for volunteer service. A bipartisan tradition since 1982, these awards are given to individuals and organizations who are addressing unmet needs in education, public safety, human needs and the environment. The recipients we honor today represent the best of America, carefully selected from more than 4,000 nominations.

In a few minutes, the First Lady will present this year's award winners. But first, I want to recognize just a few of the service leaders with us today.

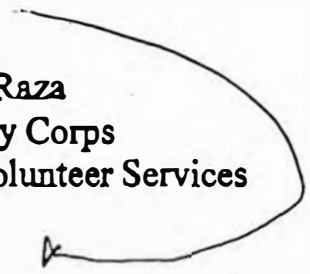
With great warmth I salute Eli Segal, who presided over the creation of AmeriCorps and brought us successfully to this new stage. Stand up Eli. Eli continues to be a leader serving on the Corporation Board and as Chair of the Partnership for National Service.

Recognizing the best in America and making it contagious is what the Points of Light Foundation is all about, and I salute Bob Goodwin and the Foundation for cosponsoring these awards and for helping to light the flame of service and volunteering in the heart of every American.

Thanks to Marcia Bullard from USA Weekend for reminding us that "there is so much good we can do", not just on Make A Difference Day, but everyday.

And a salute to this year's panel of judges, chaired by Eli Segal, who had the impossible task of choosing from so many outstanding nominations:

Adrian Washington of the Washington Times
Tommy Dortch of 100 Black Men of America
Raul Yzaguirre of the National Council of La Raza
Sue Hagan of the National Civilian Community Corps
Maggie Fogarty of the Catholic Network of Volunteer Services
Sam Singh of Volunteer Centers of Michigan



We are joined by our key partners in National Volunteer Week and every week, our friends from business, labor unions and foundations, youth service and adult volunteer organizations, and religious and civic groups. Let me recognize a few here:

Youth Service America
The Knights of Columbus
American Red Cross
Aid Association of Lutherans
The Prudential Company
The Cares Organizations
Avon
Lenscrafters
Salvation Army
Veterans of Foreign Wars
The Home Depot
The Urban League
Allstate Company
National Park Service
The Anti-Defamation League
The W.K. Kellogg Foundation
and the Student Conservation Association

Last night as I heard the stories of these award winners – people who have met the challenge of service in a phenomenal way – I was both humbled and inspired. These ordinary Americans have made extraordinary sacrifices for the common good. Their quiet acts of heroism prove that everyone can make a difference. That we can shape our destiny. That against the cynicism and skepticism of our times we can solve our problems and create a better future.

This spirit is the secret heart of America and the secret to its success. It has kept us together for more than two centuries through all kinds of challenges, in spite all of our differences.

And never has our country needed that spirit more.

As government programs are cut back, and problems in our communities continue to mount, we need new ways to act. As Americans look at each other across a racial and economic divide, our country is crying out for ways to come together.

Full-time service and part-time volunteering are the twin engines of citizen change that working together can solve our most difficult problems and bring our nation together.

National service goes beyond government to unleash the power of the people. It is based on a simple but profound idea – that we should look out for each other, that we should take responsibility for what goes on in our communities, that we are all in this together.

Today 25,000 citizens of all ages and walks of life are serving in AmeriCorps – tutoring children, building homes, fighting crime, cleaning the environment and doing a hundred other things to improve our lives and make our communities stronger. AmeriCorps members are getting things done through their direct service, but perhaps just as important, through the volunteers they help enlist and organize. And with yesterday's approval of the budget, AmeriCorps is alive and well and stronger than ever – and in need of new recruits!

But national service is so much more than AmeriCorps. It's a half million older Americans using their skills and experience in the tried and tested programs of the Senior Corps – Foster Grandparents, Senior Companions, and Retired and Senior Volunteers. And it's a half million students from kindergarten through graduate school who are learning citizenship in a direct and vital way, not by textbooks, but by serving, by working on real world problems through service-learning.

Together we must do far more to realize the potential for service of fifty million students and fifty million seniors. If we succeed, if we can crack the atom of civic power and release that power on a grand scale, there is no limit to what we can accomplish.

So to those we honor and who have done so much, thank you for your courage and commitment. And to those of you who have been inspired, as I have been, let us rededicate ourselves to our common goal – to make service the common expectation and experience of every American.

And now, it is my great privilege and pleasure to present a woman who needs no introduction, the First Lady of the United States, Hillary Rodham Clinton.

AFTER FIRST LADY SPEAKS, READ AWARD DESCRIPTIONS.

AFTER AWARDS HAVE BEEN PRESENTED:

Ladies and Gentlemen, let us now recognize, as a group, all of the 1996 President's Service Awards winners. This concludes today's ceremony.

*file
nat'l
service*

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. 20502**

FAX SHEET

DATE: MARCH 11, 1996

**TO: LEON PANETTA
MARTHA FOLEY
JOHN HILLEY
GEORGE STEPHANOPOULOS
MELANNE VERVEER
GENE SPERLING
BRUCE REED
JACK LEW
KEN APFEL**

FROM: PAM VANWIE

MATERIALS FOR TODAY'S 4:30 p.m. MEETING WITH HARRIS WOFFORD

The attached DRAFT letter to Senator Grassely contains an additional sentence (underlined) on the next to the last page that Senator Grassley's staff asked the CNCS to add to the letter. The sentence is:

"I am committed to establishing measurable goals for private sector and nonfederal match as well as per capita costs within the next 60 days."

Whether to include this sentence or a revised sentence that drops the 60 day language in the letter may be an issue to discuss at today's 4:30 p.m. meeting with Harris Wofford.

A copy of the revised memo from Harris on AmeriCorps Reauthorization and Cost-Cutting proposals dated March 6 is also included.

DRAFT

March 7, 1996

The Honorable Charles E. Grassley
135 Hart Senate Office Building
United States Senate
Washington, D. C. 20510-1501

CORPORATION
FOR NATIONAL
SERVICE

Dear Senator Grassley,

Thank you for your letter of February 9, 1996, and for the special concern for AmeriCorps you have shown during the last year. I have appreciated our talks and the constructive spirit with which you have worked with me, as you say, not to terminate but to improve AmeriCorps. Working together with you and your colleagues in Congress, I'm convinced we can make it a program in which all Americans -- Republicans as well as Democrats -- take pride. I look forward to your being a partner in that effort, just as you are with the senior programs of the National Senior Service Corps which the Corporation also administers.

I also appreciate the emphasis you put on fulfilling President Clinton's original vision of helping young people to pay for college by serving their communities. I would add my own emphasis that this principle of reciprocity, like the G.I. bill's investment in veterans' education after their national military service, is a longstanding ground for bipartisan agreement. As one who paid for college through the G.I. bill after World War II service in the Air Force, I was a beneficiary of that bipartisanship.

Though the Peace Corps was President Kennedy's favorite program and is his special legacy, it earned -- and has maintained -- strong bipartisan support. The same is true of the Points of Light initiative of President Bush, which is retained as part of our national service legislation. As you well know, the National Service Trust Act of 1993, through which AmeriCorps was created, built on the first National Service Act signed by President Bush in 1990. Under that Act's Commission on National and Community Service, the same kind of grants to support full-time and part-time national service were made, albeit on a smaller scale. And the National Civilian Community Corps (now a branch of AmeriCorps) was created in 1992 with support from both sides of the aisle and was also signed by President Bush. That bipartisanship in Congress and nonpartisanship in the country is the key to the success of national service and community volunteering, and it is my goal to reclaim that tradition, even in this inevitably partisan political year. I welcome your help in doing this.

1201 New York Avenue, NW
Washington, DC 20005
Telephone 202-696-5000

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

DRAFT

The Honorable Charles E. Grassley
Page two
March 7, 1996

Turning to the particular points and proposals of your letter to me of February 9, 1996, and your letter to President Clinton of August 29, 1995, I want to assure you again that I am committed to achieve the cost and performance goals set by the President and Congress. Specifically, I am committed to reducing costs per full-time AmeriCorps member. This will enable more corpsmembers to serve and to get help to pay for college or job training. We will also take steps to increase substantially the contributions to the programs by the private sector and by all nonfederal sources. This will enable us to decrease the proportion of federal dollars going into program support and administrative overhead.

And, as you know, I am especially interested in your proposal that AmeriCorps increase the number of programs where the Corporation provides only educational awards. I believe that approach can be undertaken in a way that will benefit many nonprofit service organizations, enabling them to increase the numbers serving in their programs and enabling more of those serving in their programs to go to college, pay off their student loans, or receive approved job training through the educational awards.

Let me report some of the steps we have been taking in recent months, which I think you will find move AmeriCorps in the direction you favor. While I very much appreciate the contributions made by your criticisms and proposals, I also want to underscore that these are directions that I supported when I took this job. These directions, as you have noted, are also consistent with President Clinton's original vision; and I am happy to report they are directions that the Corporation, by its own trial and error process, has been quietly and diligently pursuing.

1. Reduce Member Costs

The Corporation has held itself out as a new kind of entity — sensitive to the bottom line, actively involved with our partners in the private and independent sectors, aggressively promoting competition to achieve quality and economy. We are committed to producing the best possible program at the lowest possible cost.

As you know, most start-up enterprises have high costs as investments are made in infrastructure and system-building. Those costs come down as the investments pay off. The Corporation for National Service has already reduced costs from our first year to now. Our second year awards in the AmeriCorps state grant program represented an average real reduction of about 7 percent per member when compared to first year costs, when accounting for inflation. In the renewal process this third year, we are asking grantees whose grant costs exceed the average to reduce their per full-time equivalent cost by 10 percent. We are also eliminating funding for planning grants and for relocation costs for AmeriCorps members. Our goal is to focus Corporation resources directly on corpsmember support, not on program overhead and administrative costs. In addition, we have cut \$7 million out of the Corporation's 1996 administrative budget — \$2 million in personnel and the rest in travel and other expenses.

DRAFT

The Honorable Charles E. Grassley
Page three
March 7, 1996

Regarding the National Civilian Community Corps (AmeriCorps*NCCC), our residential CCC program, we have taken significant steps to reduce our first year per member start up cost. We closed the Aberdeen, Maryland, Campus for a savings of \$1 million. We reduced members' living allowance from \$8,000 to \$6,000 this year, and plan to reduce it further to \$4,000 in FY 1997. By consolidating functions and making other structural changes, we cut headquarters staff by 25 percent, and plan additional cuts in campus staff of 30 percent next year.

2. Eliminate Grants to Federal Agencies

In response to concerns raised by Senator Bond and others, we have notified our federal agency grantees that we will no longer provide grants to federal agencies. Local nonprofits who had been affiliated with the federal agency programs will be free to apply for funding on their own to support AmeriCorps members utilized by those nonprofits.

3. Continue to Enforce Prohibitions Against Lobbying

We have also addressed concerns raised by Senator Bond and Representative Hockstra by again requesting that state commissions and national direct grantees firmly remind AmeriCorps sponsors of all prohibited service activities, including lobbying and partisan political activities. In their renewal requests, programs must now delineate specific actions they will take to ensure that members do not engage in improper political activities. Such actions could include programs signing a certification, highlighting prohibitions in a member training manual, and adding a clause to the member contract. The Corporation will continue to investigate, on a priority basis, every allegation brought to our attention. It is important to note, however, that fewer than two percent of AmeriCorps programs have been accused of such activities. The Corporation has investigated every case brought to its attention and, in the case of ACORN Housing, acted quickly to terminate the grantee for improper activities.

4. Decrease Reliance on Corporation Funding

As a group AmeriCorps programs exceeded goals for private sector fundraising, raising more than \$41 million last year. To further encourage such private sector partnerships, in the 1996-97 renewal documents the Corporation makes it clear that all AmeriCorps programs should secure some funding from nongovernmental sources. We are also increasing the matching requirement for program support for which grantees are responsible from 25 to 33 percent.

5. Increase "Education Award Only" Programs

As you have urged, we are developing a plan to expand substantially the number of sponsors who receive no direct funding from the Corporation, but whose members receive education awards from the National Service Trust. This arrangement may have special appeal

DRAFT

The Honorable Charles E. Grassley
Page four
March 7, 1996

for religious organizations, higher education institutions, and other organizations with alternative sources of funding. The Act authorizes such awards, and we have piloted a program providing such awards on a competitive basis to the nation's governors. Expanding this program will increase the Corporation's cooperation with the larger world of nonprofit service organizations.

6. Increased Collaboration with National Nonprofit Organizations

We are strengthening and increasing our collaboration with national nonprofit service organizations. Working with such groups as Habitat for Humanity, Big Brothers/Big Sisters, the American Red Cross, and with a growing number of religious service organizations such as the Sisters of Notre Dame de Namur and the National Council of Churches, members of AmeriCorps and of other programs of the Corporation such as Learn and Serve America and the Senior Corps are contributing directly to the strengthening and expansion of the independent civic and service sector of our society. Our special partnership with the American Red Cross, for instance, is enabling hundreds of Red Cross trained AmeriCorps members to respond on call by the Red Cross to serve as team leaders in natural disasters such as the recent floods along the Susquehanna River.

When I recently visited AmeriCorps teams working to help the 10,000 families hit by the flood in Pennsylvania, Red Cross officers emphasized the vital role they were playing in helping to utilize effectively more than 2,000 local volunteers. Millard Fuller, founder of Habitat for Humanity, turned from skeptic to enthusiast for the work of AmeriCorps members by seeing how their dedicated service in Habitat projects multiplied the number of unpaid volunteers effectively used and the number of houses built. We intend greater emphasis on such partnerships.

7. Increase State Autonomy

From the beginning, the Corporation has been a partnership between the Federal Government and the states. Consistent with this outlook, we have informed the governor-appointed national service commissions in each state that if they have instituted appropriate peer review processes, the Corporation will no longer review their formula grant selections. As the states enhance their capacity, further devolution will occur.

8. Improve the Grant Review Process

As you know, Senator Bond has expressed interest in the Corporation's grant review process. Our Inspector General has recently completed an examination of that process. While concluding that the Corporation acted within its discretion in those few instances when it awarded grants to lower ranked applicants at the expense of higher ranked applications, the Inspector General also finds some areas where we could strengthen grant competitions. We are

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currently reviewing the Inspector General's draft recommendations regarding the improvement of the peer review process and plan to implement quickly those that are workable. We will keep you informed of the steps we take. We have identified other ways to improve this critical process as well, and will pilot test them during our next review of new grant proposals.

9. Expand Efforts in Evaluation

The Corporation has taken seriously its commitment to make evaluation a central component of the management of AmeriCorps. The evaluation system we have in place provides valuable information about the impact of the program and encourages individual sponsors to track their efforts. As AmeriCorps matures, however, our evaluation needs will change, and as it becomes larger and more decentralized, we will be increasingly constrained in our capacity to monitor and evaluate. Among our goals are to develop evaluation systems that make increasing use of our network of service programs and their expertise, and to encourage and work in close coordination with private and independent sector efforts to evaluate service programs.

10. Increase and Strengthen Unpaid Volunteers

George Romney called full-time national service and traditional unpaid community volunteering "the twin engines" for civic action that pulling together could solve some of our critical educational, environmental, and social problems. A few days before he died George proposed that the Act itself, when reauthorized, should be named the "National Service and Community Volunteering Act of 1996". I agreed with him to propose that change and other changes emphasizing the role of AmeriCorps members as recruiters, organizers, and leaders of part-time, unpaid volunteers. I assured him I would do everything in my power within the present law to see that in AmeriCorps projects, high priority is given to such assignments.

Many of the best programs in which AmeriCorps members work already do just that, multiplying the number of community volunteers and the things that get done by the two forces working together. In addition to the examples already noted of volunteer generation in our work with such large nonprofits as Habitat for Humanity and the Red Cross, we are increasing the number of projects in which AmeriCorps members organize and lead secondary school or college volunteers in unpaid community service. We have now made this volunteer-generation factor a priority in the 1997 competition for project renewals.

I should note that the AmeriCorps record in volunteer generation in its first year was quite remarkable. In the fourth quarter, over three additional community volunteers were recruited for every AmeriCorps member serving. From July 1, 1995, through September 30, 1995, it is estimated AmeriCorps members recruited at least 73,000 volunteers who contributed over 700,000 hours of service to their communities, or an average of about ten hours for every

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volunteer recruited. By further emphasizing this role we will increase the value added by each AmeriCorps member and by each federal dollar invested in national service.

* * *

The President and the Congress intended that the Corporation for National Service evolve to face changing situations with creativity, agility, and lack of bureaucracy. From the beginning, we have been engaged in a process of continuous improvement to lower our costs, to improve the ability of our partners to increase the share of costs they bear through fundraising, to devolve responsibility to the states, to root ourselves squarely in the continuum of service that runs from traditional volunteering to full-time service with living allowances and education awards, and from school-based service to Senior Corps programs, to be nonpartisan and firm in our policies against political advocacy, and to make our internal systems more effective.

The items I have outlined above are some of the steps we are taking to achieve these goals. These are steps we can take under the existing statute. These changes significantly address concerns raised by our critics.

You have proposed increasing the private sector or nonfederal match, and have suggested a specific cap on costs per AmeriCorps member. As you know, this is a complex matter and we want to consider carefully any unintended consequences that would adversely affect rural areas and economically disadvantaged urban communities whose access to the private sector may be limited, or affect the autonomy of local nonprofit organizations and youth service corps supported in part by state or local governments. Nevertheless, I believe an increase in the match can be phased in, and per member Corporation costs can be further reduced and limited, whether through a cap or other measures. I am committed to establishing measurable goals for private sector and nonfederal match as ~~well as per capita costs~~ within the next 60 days.

*new
proposed
language*

In my Senate confirmation hearing, I said that I would put to leaders of major corporations, foundations, and educational and nonprofit organizations the question: To what extent can the private and independent institutions, including colleges and universities, and also units of state and local government such as schools and police forces contribute more of the resources and assume even more of the responsibility? I am pursuing that possibility actively and will keep you up-to-date.

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I am ready to sit down with you and other Members of Congress to consider all the above -- and other -- ways to improve and strengthen the program. I look forward to such discussions with you about legislative or administrative changes that can be accomplished to move us further along the lines you and I and the President favor.

Sincerely,

Harris Wofford
Chief Executive Officer

MEMORANDUM FOR DISTRIBUTION

FROM: Harris Wofford and Shirley Sagawa

Re: AmeriCorps Reauthorization and Cost-Cutting Proposal

Date: March 6, 1996

Reauthorization Strategy

We need to come to consensus, as quickly as possible, on a strategy that will enable AmeriCorps to continue to thrive in 1997 and beyond. Our authorization expires at the end of FY 1996. Some of the options we have considered are:

1. Pursue a "traditional" reauthorization, with a Senate-first strategy, with the Administration submitting a reauthorization bill with only modest changes, or preparing a "statement of principles" for discussion.
2. Pursue a reauthorization with no Administration bill, but asking a bipartisan group of supporters off of the Labor and Human Resources Committee to introduce a bill and push the Committee to take action.
3. Assume no reauthorization this year, due to election year politics and the short schedule, seek an appropriation without an authorization, and work on a reauthorization bill next year.
4. Develop and unveil a "reform plan" that will inoculate the program against criticisms of opponents. The plan may be either a legislative package that could be part of a FY 1997 appropriations deal, the basis for a reauthorization bill, or a set of administrative changes.

These strategies are not mutually exclusive. We are currently preparing for any of the above options to unfold. We have reason to believe that our most vocal critic, Senator Grassley, would be willing to endorse AmeriCorps if we could publicly agree to a reform plan that would limit AmeriCorps costs. This memo lays out the core of a cost-cutting plan that could allow us to gain Senator Grassley's support while enabling the program to grow more rapidly. We believe these changes can be achieved without amending the statute, although they may also form the basis of a reauthorization proposal, appropriations deal, or reform package.

Cost-Cutting Proposals

1. Establish cost-savings goals.

We believe we could responsibly agree to an average per Member cost to the Corporation of not more than \$15,000, to be phased in by FY1999. In addition, we could agree that no AmeriCorps program would have a per Member cost exceeding \$20,000, to be phased in by FY1999. The per

Member cost would be calculated by adding the budgeted Corporation costs of the education award, AmeriCorps grant (living allowance and Member support, plus program support), and Corporation and State Commission overhead that is directly attributable to AmeriCorps. The GAO estimated that the comparable figure for the average per Member cost in FY1995 was \$17,629; we believe it is actually slightly higher. See the options at the end of the discussion for achieving this objective.

2. Living allowance

In order to achieve the above goals, we would need to review our policies relating to the living allowance paid to Members. Under the existing statute, the standard living allowance is \$7,945. For a 52-week program, that works out to a little bit more than \$150 per week with the Corporation share being a little more than \$125 per week. However, due to the way the statute is written, a 40 week program (in which the Members serve the full 1700 hours over 40 weeks instead of 52 weeks), end up providing a living allowance of almost \$200 a week-- this amount is derived by dividing the annual living allowance of \$7945 by the number of weeks of the program. We may be able to save money by using our waiver authority to enable programs that operate for less than 52 weeks to pay \$150 per week, rather than the higher amount they are now required to pay. The net effect would be that the Corporation's share of the living allowance would go from \$6,800 to \$5,200 for those programs that are 40 weeks, and the Member's actual pay would go from \$7,900 to \$6,100 for that period, unless the local program increases the match.

3. Program costs

There are several ways to reduce program costs (the amount of the grant provided to programs that is not used for Member living allowances and benefits). Program costs cover staff, Member training, transportation, insurance, recruitment, and other items. Currently, the average grant amount to cover program costs is about \$5,500, although the range is large. To reduce this amount and simplify the program, we could determine a flat amount that the Corporation would provide per full-time Member and increase the matching funds required. To ensure continued participation of high quality programs for whom the restricted grant amount would pose a hardship, we might reserve a fund that could be tapped by rural programs, new start-ups, residential programs, etc.

Options range from a cap of \$3,000 plus 10% in a hardship fund; to \$5,000 plus no hardship fund; to varying caps per type of program, with an average of no more than \$5,000.

3. Cost-share partnerships

To bring down the average per Member cost, the Corporation plans to work aggressively to develop partnerships with organizations that can pay the living allowances and program costs of AmeriCorps from other sources, with the Corporation providing only the education award. We might emphasize:

- A. VISTA cost share arrangements, in which VISTA sponsors receive a VISTA free of charge for two years, but agree to pay the VISTA living allowance in subsequent years.
- B. Higher education part-time programs, especially those that use college students to organize younger volunteers. Students would serve a minimum of 900 hours over two years.
- C. Programs operated by religious organizations, such as Catholic, Protestant, or Jewish lay volunteers, who do not want to apply for grant money.

The suboptions under this cost saving option are related to what percent of the total program is comprised of such "cost share partnerships." The potential range is between 10-25%.

Summary of Potential Options for Meeting Corporation Cost-Cutting Goals

Average Corporation Costs Where Corporation Supports All Items

<u>Member Costs</u>	<u>Current Program</u>	<u>Reform</u>
Education Award	4,725	4,725
Living Allowance	6,800	up to 6,800
Other	1,800	1,800
Subtotal	13,325	up to 13,325
Program grant	5,500	up to 5,000
Recruitment, admin., etc. 2/	2,000	2,000
TOTAL	20,775	up to 20,275
Average, taking into account cost share proposals/other items	19,000	15,000 1/

1/ By 1999. Assumes about 25% of program will be "cost share proposals," that living allowance will be lowered an average of \$1,000, and that program grants will be lowered an average of \$1,500.

2/ Rough calculation that includes administration, recruitment, evaluation, etc.