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Office of
CONGRESSIONAL AND INTERGOVERNMENTAL RELATIONS
FACSIMILE TRANSMITTAL SHEET

DATE: _____

CORPORATION
FOR NATIONAL
★ SERVICE

TO: Pauline Abernath

LOCATION: _____

FAX #: 2878 PHONE #: _____FROM: StuloeserFAX #: (202) 565-2784 TELEPHONE #: (202) 606-5000, Ext. 223COMMENTS: ① Stock language on what AmeriCorps members do② Accomplishments per Aguirre International③ Press releaseNUMBER OF PAGES (INCLUDING COVER SHEET) 4

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1201 New York Avenue, NW
Washington, DC 20525
Telephone 202-606-5000

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



AMERICORPS

FACT SHEET

What is AmeriCorps?

AmeriCorps is the domestic Peace Corps, a private/public partnership based in the nonprofit sector, which involves Americans of all ages in results-driven service. Now in its second year, AmeriCorps involves more than 25,000 members who serve full- or part-time with 438 community sponsors. In exchange for a year or two of service, AmeriCorps members earn education awards to help repay college loans or to help pay for college, graduate school, or vocational training. AmeriCorps members learn skills, take on serious responsibilities and join a network of people committed to service.

AmeriCorps' Mission

AmeriCorps members share a common mission:

- ★ to get things done by helping communities address critical issues of education, public safety, human needs, and the environment;
- ★ to strengthen communities by bringing people of all backgrounds together to solve problems locally;
- ★ to encourage responsibility through service and civic education; and
- ★ to expand opportunity by helping to make education more affordable.

AmeriCorps members strengthen communities by bringing together a wide range of citizens—local and national nonprofits; city, state, and national leaders; local businesses and organizations; and citizens of all ages and backgrounds. A cost/benefit analysis commissioned by the IBM, Dana, and Irvine foundations found that every federal dollar invested in the programs studied returns \$1.60 to \$2.60 in direct, measurable benefits.

What Do AmeriCorps Members Do?

AmeriCorps members tackle American communities' toughest challenges. In addition to recruiting and training thousands of new volunteers, AmeriCorps members patrol streets and recreation areas; tutor and mentor high-risk youth; organize neighborhood watch organizations; assist crime victims and prevent crime; build affordable housing; help seniors live independently; immunize children; clean up rivers and streams; restore national and state parks; and provide emergency and long-term assistance to victims of natural disasters.

-MORE-

National Service Gets Things Done.

Just one-tenth of the AmeriCorps members:

- Taught 23,641 students.
- Tutored 24,867 individuals.
- Mentored 14,878 youths.
- Collected, organized, and distributed 974,103 pounds of food and 5,000 pounds of clothes.
- Helped 2,551 homeless people find shelter.
- Developed and distributed 38,546 sets of information about drug abuse, HIV/AIDS, street safety, health care, and other issues.
- Ran violence-prevention after school programs for 49,632 youth.
- Performed energy audits for more than 18 million square feet of buildings.
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National Service Is Cost Effective.

- AmeriCorps grants programs yield from \$1.54 to \$3.90 of benefits for every dollar invested.
- Learn and Serve America: K-12 programs produce \$3 in community benefits for every \$1 in program costs.

National Service Has Won Local Support.

- Congress directed AmeriCorps programs to raise \$31 million. They raised \$91 million – \$41 million from the private sector.

National Service Is Reinvented Government.

- For program year 1997-1998, Corporation's budgeted average cost per AmeriCorps member will be \$17,000. In 1998-1999 it will be \$16,000; in 1999-2000, \$15,000.

release



AmeriCorps National Service

CORPORATION

FOR NATIONAL

★ SERVICE

Release: June 26th, 1996 6:00 p.m.

Contact: J. Toscano 606-5000, ext 277

AMERICORPS BACKED IN HOUSE VOTE; FUNDS THEN ELIMINATED IN TACTICAL PLOY

WASHINGTON -- Funding for national service was the center of debate today in the U.S. House of Representatives, with a strong bipartisan recorded vote against eliminating AmeriCorps and Learn and Serve America -- followed by a procedural maneuver which then eliminated funding without a recorded vote.

The VA/HUD/Independent Agencies Appropriations bill under consideration in the U.S. House of Representatives had proposed substantial funding -- \$367 million -- for the two national service programs administered by the Corporation for National Service.

An amendment to eliminate the two programs, offered by Rep. John N. Hostettler of Indiana, was defeated by wide margins in a bipartisan vote of 183 - 240. A subsequent tactical ploy by Rep. Todd Tiahrt of Kansas transferred \$40 million to the Veterans' Administration; the remaining \$325 million was earmarked for deficit reduction. The Tiahrt amendment passed quickly by voice vote.

"National service today demonstrated anew its bipartisan roots," says Corporation for National Service Chief Executive Officer Harris Wofford. "Nearly double the number of Republicans voted against today's Hostettler amendment to eliminate AmeriCorps as voted for the 1993 act that created it. And they were joined by nearly every Democrat. Together with last spring's successful bipartisan effort in the Senate, today's bipartisan vote in the House puts Congress back on record in bipartisan support of national service."

"I am disappointed that a few members employed a tactical maneuver to then eliminate funds for AmeriCorps and Learn and Serve America. I am hopeful that the conference with the Senate will follow the recorded bipartisan will of the House to continue national service," Wofford concludes.

The House VA/HUD/Independent Agencies Appropriations bill originally contained \$367 million for fiscal year 1997 for AmeriCorps and Learn and Serve America, the two national service programs initiated as part of the National and Community Service Trust Act of 1993. The 1993 act passed the House with a bipartisan vote of 275 - 183, with the votes of 26 House Republicans. Last year, the House VA/HUD/Independent Agencies appropriations bill eliminated funding for the programs, but \$402 million was restored in the final budget agreement.

The provision also funds the Points of Light Foundation and the National Civilian Community Corps, initiatives that predate the 1993 act. AmeriCorps*VISTA and the National Senior Service Corps (Foster Grandparents, Senior Companions, Retired and Senior Volunteers) are funded in the Labor/HHS appropriations bill which will be considered soon.

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

MEMORANDUM FOR: GENE SPERLING
MELANNE VERVEER

FROM: Ken Apfel *KA*

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.

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.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

26-Mar-1996 08:06am

TO: Gene B. Sperling
FROM: Martha Foley
 Office of the Chief of Staff
CC: Jason S. Goldberg
SUBJECT: National service -- urgent for Gene's attention

See attached. We don't know that they are going to do this but the appropriators hinted that they were working on "improvements" to the program.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Mar-1996 09:14pm

TO: Martha Foley

FROM: Charles E. Kieffer
Office of Mgmt and Budget, LA

SUBJECT: national service

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Mar-1996 05:51pm

TO: Jacob J. Lew
TO: Janet L. Himler
TO: Charles E. Kieffer

FROM: Kenneth S. Apfel
 Office of Mgmt and Budget, HR

SUBJECT: national service

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

25-Mar-1996 03:53pm

TO: kenneth S. Apfel

FROM: Pamela B. VanWie
 Office of Mgmt and Budget, HRD

CC: Larry R. Matlack
CC: Barry White
CC: Mary I. Cassell
CC: Carole Kittl

SUBJECT: Proposed conference language for the CNCS

The Corporation for National and Community Service (CNCS) faxed me a copy of the proposed VA-HUD Conference language that the House Authorizing Committee is shopping around. (The original House bill provided no funds for the CNCS.)

In addition, to the bothersome earmarks for each individual national service program the language does several more awfull things. Specifically, it incorporates language written as a result of last week's Hoekstra hearing on the IG's auditability study of the CNCS. (I will fax you over a copy of the language with the specific problems marked by paragraph number.)

1) The amount appropriated for the CNCS under this language is calculated as follows: " . . . an amount equal to \$_____ minus the total of the funds made available for such expenses under Federal laws enacted after September 29, 1995 and before the date of enactment of this Act: . . .". This language subtracts the amount apportioned thus far under the CRs from the total amount to determine the amount for the rest of the year. This is a big problem for the CNCS since it assumes that the CNCS has obligated all funds made available thus far under CRs. CNCS has not obligated all the funds apportioned because the agency has been setting aside a portion of the money to be used to make grants. These unobligated funds from the previous CRs would not be available under this language.

2) The CNCS is prohibited from making any AmeriCorps grants until the Inspector General submits to Congress a certification that the CNCS has taken 75 of the 102 steps recommended in the IG contracted auditability study and the CNCS has "taken action reasonably necessary to complete the remaining 27 steps recommended by the end of FY 1996." As the CNCS testified last week before Hoekstra's committee the CNCS has

completed 23 of the steps. However, these steps have not been verified by the IG. This language puts the noose for the CNCS in the hand of the IG. From experience we know that the IG will not be easily satisfied and it is possible that the completion and certification process could take over a year or more. The CNCS cannot make grants until the process was completed. In addition, the IG must submit a report within 90 days of the first report detailing the progress the CNCS is making in completing the recommendations.

3) No funds are provided for national service programs carried out by federal agencies. (We don't have any problem with this since it was an extremely expensive program.)

4) Prohibits the CNCS from making AmeriCorps grants until the CNCS submits certification that total cost per participant in all activities for FY 1996 is projected not more than \$18,000. (This includes Federal, State, and local funds, funds from private sources, and in-kind contributions.) According to the CNCS this is impossible. Under the plan that Harris and Shirley produced, the average CNCS cost per participant would be reduced to \$15,000 by 1999 after implementing other cost-cutting measures and a plan for 25% of all participants to receive only education awards (no stipend, no program support costs).

5) Increases the match to 50% for all AmeriCorps programs. (Match cannot include Federal funds.) Again according to the CNCS this would be impossible for organizations to comply with immediately and many organizations would not be able to participate. An increase in the match should be phased in gradually. Currently organizations match between 15%-25% of the costs and most of the match funds come from federal sources.

6) Prohibits the spending of federal funds for political activities, national identity (i.e. purchasing uniforms, contracting with public relations firms, etc.) and training outside the scope of service performed. The CNCS has already asked each grantee to provide assurances that it will not engage in political activities. Some specialized programs uniform costs have been quite high (more than \$500 per participant) due to the nature of the work and the equipment required.

7) The amount appropriated for the Inspector General is calculated in the same manner itemized in #1 above. The amount apportioned thus far under the CRs is subtracted from the total appropriated for the IG. Since the IG has not obligated all of its funds (it has been setting funds aside from each CR period for audit contracts) and the unobligated funds would not be available for the rest of the year, the IG may be hampered in its duties to audit the CNCS.

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REFORMS ANNOUNCED

Grassley gives AmeriCorps a 2nd chance

The new head of the volunteer program vows to get it under control.

By JANE NORMAN

OF THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — Peace was at hand Wednesday, as Sen. Charles Grassley, R-Ia., declared a truce in his battle with AmeriCorps, the president's national service program.

Grassley has been one of the toughest critics of the program, a sort of domestic Peace Corps that recruits volunteers to work in communities. In exchange, volunteers are paid a stipend and earn education awards to help pay for college.

A General Accounting Office report in 1995 found that the cost per participant was exceeding administration estimates and costs for some programs were "outrageous," Grassley said in an August letter to President Clinton. Grassley was also disturbed that more private businesses weren't participating, as had been promised.



Charles Grassley
Praised for being a watchdog

The report also found that many AmeriCorps participants didn't really plan to attend college.

Since then, former Sen. Harris Wofford, D-Pa., has taken over

AmeriCorps, and he and Grassley have reached agreement on some reforms. Wofford said at a press conference that he has long appreciated and admired Grassley's work as a watchdog over wasteful government spending in other agencies.

"An appreciation of that comes when we are the agency being watched," Wofford added. "We will live up to Senator Grassley's highest expectations."

Grassley, who always said he wanted to see AmeriCorps reformed rather than eliminated, has agreed to back \$383 million in appropriations for the program during the current budget year. But that agreement comes in conjunction with a 10-point accord between Grassley and Wofford on how AmeriCorps should cut costs.

Grassley said that since Wofford has taken over AmeriCorps "we've made some real progress" although Grassley pledged to continue "aggressive oversight" of the program.

Grassley said he won't argue with

conservative colleagues who think AmeriCorps should be killed because they do not believe volunteers should be financially rewarded. But Grassley also said "the real world of Washington is if the president wants something, it's going to be maintained."

Under the agreement between Wofford and Grassley:

- Costs per member will be reduced and additional cost-cutting targets will be developed in the next 60 days.
- Grants will no longer be made to federal agencies. The GAO report found that the average cost per participant in federal agency grant programs was more than \$30,000.
- AmeriCorps members will be reminded again that they are not to take part in lobbying or partisan political activities.
- Fund-raising from private businesses will be increased.
- AmeriCorps will work harder on recruiting traditional unpaid volunteers.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages 2

To: MAI COLES	From: JOEL W.
Dept./Agency:	Phone #:
Fax #:	Fax #:

CNS
FACSIMILE TRANSMITTAL SHEET

TO: Gen. Sperling
LOCATION: White House
FAX #: 202 456-2878 PHONE #: 202 456-2620
FROM: Shirley Sagawa Corp. for mail service
FAX #: (202) 565-2784 TELEPHONE #: (202) 606-5000, Ext. 394

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NUMBER OF PAGES (INCLUDING COVER SHEET) 6

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AMENDMENT NO. _____ EX. _____ CALENDAR NO. _____

PURPOSE:

IN THE SENATE OF THE UNITED STATES - Cong. 104th Sess. 2nd
S.

(title)

- () Referred to the Committee on
and ordered to be printed
- () Ordered to lie on the table and to be printed

INTENDED to be proposed by

Viz: Strike p. 692, line 21 through p. 696, line 2 and insert:

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

National and Community Service Programs

Operating Expenses

(Including Transfer of Funds)

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the "Corporation") in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the "Act") (42 U.S.C. 12501 et seq.), \$400,500,000, of which \$265,000,000 shall be available for obligation from September 1, 1996, through September 30, 1997: Provided, That not more than \$25,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): Provided further, That not more than \$2,500 shall be for official

reception and representation expenses: Provided further, That not more than \$59,000,000, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.): Provided further, That not more than \$175,000,000 of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program): Provided further, That not more than \$5,500,000 of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et seq.): Provided further, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12581(b)): Provided further, That not more than \$40,000,000 of the funds made available under this heading may be used to administer, reimburse or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2)): Provided further, That, to the maximum extent feasible, funds appropriated in the preceding proviso shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs that demonstrate quality, innovation, replicability, and sustainability: Provided further, That not more than \$18,000,000 of the funds made available under this heading shall be available

for the Civilian Community Corps authorized under subtitle B of title I of the Act (42 U.S.C. 12611 et seq.): Provided further, That not more than \$43,000,000 shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (41 U.S.C. 12521 et seq.): Provided further, that not more than \$30,000,000 shall be available for quality and innovation activities authorized under subtitle II of title I of the Act (42 U.S.C. 12853 et seq.): Provided further, That not more than \$5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639), of which up to \$500,000 shall be available for a study by the National Academy of Public Administration on the structure, organization, and management of the Corporation and activities supported by the Corporation, including an assessment of the quality, innovation, replicability, and sustainability without Federal funds of such activities, and the Federal and non-federal cost of supporting participants in community service activities: Provided further, That no funds from any other appropriation, or from funds otherwise made available to the Corporation, shall be used to pay for personnel compensation and benefits, travel, or any other administrative expense for the Board of Directors, the Office of the Chief Executive Officer, the Office of the Managing Director, the Office of the Chief Financial Officer, the Office of National and Community Service Programs, the Civilian Community Corps, or any field office or staff of the Corporation working on the National and Community Service or Civilian Community Corps

programs: Provided further, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector, shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal cost per participant in all programs.

Sense of Senate

It is the Sense of the Congress that accounting for taxpayers' funds must be a top priority for all federal agencies and government corporations. The Congress is deeply concerned about the findings of the recent audit of the Corporation for National and Community Service required under the Government Corporation Control Act of 1945. The Congress urges the President to expeditiously nominate a qualified Chief Financial Officer for the Corporation. Further, to the maximum extent practicable and as quickly as possible, the Corporation should implement the recommendations of the independent auditors contracted for by the Corporation's Inspector General, as well as the Chief Financial Officer, to improve the financial management of taxpayers' funds. Should the Chief Financial Officer determine that additional resources are needed to implement these recommendations, the Corporation should submit a reprogramming proposal for up to \$3 million to carry out reforms of the financial management system.

HOUSING PROGRAMS

Annual Contributions for Assisted Housing

On page 624 of the bill, line 10, strike "\$10,103,795,000"
and insert "\$10,084,295,000", and on page 626, line 23, strike
"\$209,000,000" and insert "\$189,500,000"

Office of
CONGRESSIONAL AND INTERGOVERNMENTAL RELATIONS
FACSIMILE TRANSMITTAL SHEET

DATE:

3/13/96

CORPORATION
FOR NATIONAL
★ SERVICE

TO:

Gene Sperling

LOCATION: _____

FAX #:

456-2878

PHONE #:

FROM:

Gene Sofer / Shirley SagawaFAX #: (202) 565-2784TELEPHONE #: (202) 606-5000, Ext.COMMENTS: _____

NUMBER OF PAGES (INCLUDING COVER SHEET)

13

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

release



AmeriCorps National Service

Release: March 13, 1996 3 p.m.

Contact: Jill Kozeny/Sen. Grassley 224-1308

J. Toscano/AmeriCorps 606-5000

ext 277

CORPORATION

FOR NATIONAL

★ SERVICE

AMERICORPS CRITIC & AMERICORPS CHIEF FIND COMMON GROUND TO IMPROVE NATIONAL SERVICE INITIATIVE

Senator Chuck Grassley (IA) and National Service Chief Harris Wofford have agreed upon a plan to improve AmeriCorps, the national service initiative created by the National and Community Service Act of 1993.

The 10 point agreement includes cutting per member costs, raising private sector and non-federal match requirements for programs that sponsor AmeriCorps members, eliminating grants to federal agencies, and expanding college scholarships for service (see attachment).

Senator Grassley, a fierce critic of government waste, has focused on AmeriCorps since early reports on its actual costs were released in early 1994. He has worked closely with Wofford, a former Democratic Senator from Pennsylvania who was sworn in as Chief Executive Officer in October, 1995, to develop a plan which strengthens the initiative while cutting costs.

Senator Grassley said, "Based on high costs identified in a nonpartisan GAO audit, I have urged the administration to reinvent AmeriCorps. Above all, I want tax dollars to be spent wisely so that the maximum number of young people can get money for college through this program. Under the able leadership of Harris Wofford, the Corporation for National Service has committed itself to meaningful reforms. If these changes succeed, the Corporation will be a better managed program that rewards community service and enables more young Americans to seek a college education. For this reason, I will support the appropriation's committee's recommendation to fund the Corporation at a level of \$383 million for fiscal year 1996. And I will continue my watchdog work for the taxpayers with the President's AmeriCorps program and other federal government programs."

Chief Executive Officer Wofford said, "This shows that a tough critic can become a good working partner. I am delighted that Senator Grassley and I have found a common ground that strengthens AmeriCorps while making it more cost-effective. As we downsize government, national service can play an effective, non-bureaucratic role in solving social problems. We are committed to working together to get national service established as a non-partisan institution in which all Americans can take pride."

AmeriCorps is funded at 81 percent of last year's level in the Continuing Resolution proposal being considered by the Senate. The National and Community Service Act of 1993, which created the program, is due for reauthorization this year.

###

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AmeriCorps, National Service
Learn and Serve America
National Junior Service Corps

MIKULSKI AMENDMENT ON NATIONAL SERVICE

Increases amount for National Service in Title I of the Omnibus CR by \$26.5 million -- from \$383.5 million to \$410 million.

Increases funding for the National Service Trust (post-service educational awards) by \$ 11 million -- from \$59 million to \$70 million

Increases funding for AmeriCorps grants by \$2.5 million--from \$215 million to \$217.5 million.

- Funds 23,000 AmeriCorps Members in FY '96--up from 21,000 at the current level although slightly below the 25,000 who served in FY '95.

Removes language which limited funding of National Direct applicants to only \$40 million and retains language terminating grants to federal agencies and addressing criticisms of the grant administration process.

- The change allows funding for applicants who don't apply through states--such as Habitat for Humanity, YMCA, and the National Council of Churches.

Increases funding for innovation/training and technical assistance by \$10 million dollars -- from \$15 million to \$25 million.

- In addition to other things, enables 500 individuals with disabilities to participate in AmeriCorps and funds 150 AmeriCorps members serving to generate an additional 1,000 community volunteers.

Increases funds for Learn and Serve America K-12 by \$ 1 million--from \$43 million to \$44 million.

- Allows an addition 15,000 school children to participate in service learning activities.

Increases funding for Points of Light Foundation by 2 million--from \$3.5 million to \$5.5 million.

As a separate provision to the IG's line item, add \$250,000 for the IG.

Add following report language on Financial Management reform:

"It is the sense of the Congress that accounting for taxpayers' funds must be a top priority for all Federal agencies and government corporations. The Congress is deeply concerned about the findings of the recent audit of the Corporation for National and Community Service required under the Government Corporation Control Act of 1945. The Congress

urges the President to expeditiously nominate a qualified Chief Financial Officer for the Corporation. Further, to the maximum extent practicable and as quickly as possible, the Corporation should implement the recommendations of the independent auditors contracted by the Corporation's Inspector General, as well as the Chief Financial Officer, to improve the financial management of taxpayers' funds. Should the CFO determine that additional resources are needed to implement these recommendations, the Corporation should submit a reprogramming proposal for up to \$3 million to carry reforms of the financial management system."

OFFSET

Offset of \$26.5 million in budget authority comes out of HUD Multifamily Property Disposition.

- HUD identified \$29 million in excess funding in this program--HUD only needs \$180 million for tenant protection rather than the \$209 million currently in the bill.
- A previous CR included full-year language allowing rehabilitation activities to be funded out of the FHA Fund (mandatory).

Governors' Excerpts on National Service

"Now that we have a Republican congress that is finally serious about getting America's house in order I have only one word of caution, AmeriCorps. This is the baby that should not be thrown out with the bathwater. AmeriCorps Members will help us build a better tomorrow one of the most intelligent uses of taxpayers dollars ever."

**--Remarks by Governor William Weld (Massachusetts)
AmeriCorps Swearing in Ceremony
October 12, 1995**

"Today is a great day for service in Michigan--the kick-off for Michigan's AmeriCorps. Soon members of Michigan's AmeriCorps will be getting things done to meet the important needs of our communities, demonstrating that our greatest resource remains our people. AmeriCorps captures the promise found in all citizens, young and old, who see problems in their communities and work together to solve them. . . . You have come together, as have others in communities across the country, in the true spirit of service. Today, we celebrate the beginning of AmeriCorps and reaffirm traditions that we hold so dearly in Michigan--community, volunteerism, and service to others."

**--Remarks by Governor John Engler (Michigan)
to Michigan's AmeriCorps Members
September 12, 1994**

"AmeriCorps USA, California's new national service program, is another significant part of the state's service movement. In California alone there are over 2500 AmeriCorps members, engaged in service, who will be doing a wide range of work, from reducing juvenile crime, and providing service participants valuable skills and experience to encouraging adult and youth role models to mentor and tutor students at risk of dropping out of school or academic failure and encouraging preventive approaches to meeting unmet human needs."

**--Letter from Governor Pete Wilson (California)
California Conference on Service and Volunteerism
January 26, 1995**

"While balancing the budgets, fighting unfunded mandates, and streamlining government, I am committed to this community service program for Montana communities and citizens. If we can be as creative and constructive with other federal dollars in Montana as we are with our community service efforts, Montanans will inevitably win."

**--Letter from Governor Marc Racicot (Montana)
to State Representative Dick Green
February 24, 1995**

"North Carolina is proud to host a wide range of national service programs in more than three fourths of our 100 counties. Already, AmeriCorps programs are having a tremendous impact on communities across our state because they provide service at the local level, where real change can happen.

Our AmeriCorps members are tutoring children, creating new after-school enrichment programs, teaching adults to read, caring for the elderly, constructing affordable housing and working in day care centers. They have brought volunteers who would not otherwise be involved to work in AmeriCorps programs.

The success of AmeriCorps in North Carolina has relied on the input and commitment of citizens who have worked together at the local level to create programs that address our state's most pressing needs. Community organizations, schools, civic groups, volunteers, government agencies and business leaders are involved in developing solutions that really work. Citizens and elected officials across the political spectrum have shown support for national service as an ideal way to get things done in the state."

**--Letter from Governor James Hunt (North Carolina)
to the Corporation's Chief Executive Officer
March 21, 1995**

"During these tight budgetary times, we must carefully consider the total impact of each dollar we spend. The AmeriCorps program represents an investment in our young people and in our communities that not only provides immediate benefits but will also pay huge dividends in the future. It harnesses old-fashioned citizen power and focuses on the roots of fundamental societal problems. AmeriCorps has made a tremendous difference in Kentucky in a very short time. It is one of the most creative, innovative and successful federally funded programs operating today."

**--Statement from Governor Brereton Jones (Kentucky)
March 23, 1995**

"I continue to be extremely pleased with the way our State Commission for National and Community Service has been able to support and expand AmeriCorps projects. . . . I also believe we are off to an excellent start in this new federal-state partnership where local decision making can have an impact. The President is to be commended for providing the vision for National Service which permits Governors through the State Commission the ability to design programs which address critical state needs."

**--Letter from Governor Mike Lowry (Washington)
to the Corporation's Chief Executive Officer
April 27, 1995**

"I am enthusiastic and impressed with the work of the AmeriCorps programs in Arizona. . . . AmeriCorps is not government as usual, but rather an investment in local programs -- building public/private partnerships and delivering measurable, tangible results."

**--Letter from Governor Fife Symington (Arizona)
to Mr. Richard H. Carter
May 9, 1995**

"Growing out of federal legislation initiated in the Bush Administration, today's national service programs are a truly non-partisan effort that has had a demonstrable effect on the quality of life in Rhode Island. We are proud of our AmeriCorps programs--City Year, Children's Crusade and Community Partnership--and their committed members of all ages who are working every day in community service programs to assist their fellow citizens."

**--Statement from Governor Lincoln Almond (Rhode Island)
June 6, 1995**

"The National Service program has been a great success in the State of New Hampshire and I anticipate it will continue to be in the future. The growth and prosperity of the AmeriCorps program in New Hampshire is directly related to the outstanding commitment of our volunteers, as well as our State Commission on National Service. These motivated individuals make AmeriCorps work for New Hampshire and I am pleased to be a partner in this process."

**--Letter from Governor Stephen Merrill (New Hampshire)
to the Corporation's Chief Executive Officer
July 10, 1995**

"The new national service effort -- AmeriCorps -- has only existed a short time, but we believe it can be a valued partner with communities and volunteers working to meet local needs in Chicago and across Illinois. It, along with another Corporation for National Service initiative -- Learn and Serve America -- is a needed and potentially valuable member of our community service network. . . . Our Commission on Community Service will do all it can to make sure the Corporation for National Service programs are effective as they continue to work to enhance the structure of service throughout Illinois. We welcome your participation and leadership as all Americans are challenged to take an active role in strengthening their communities from the grass roots upward."

**--Letter from Governor Jim Edgar (Illinois)
to the Corporation's Chief Executive Officer
June 2, 1995**



AGUIRRE INTERNATIONAL

1735 North Lynn Street, Suite 1000 • Rosslyn, VA 22209-2019

411 Borel Avenue, Suite 402 • San Mateo, CA 94402

AmeriCorps*USA at Five Months

A Summary of Accomplishments from 52 Randomly Selected Sites¹

March 22, 1995

The following report aggregates and summarizes the bulk of the accomplishments of 1,654 AmeriCorps*USA Members serving at 52 sites that were selected randomly from across the nation. Listed accomplishments represent the efforts of approximately 8% of AmeriCorps*USA's operating sites during the first five months of operation--from September, 1994 through January, 1995.

The accomplishments are grouped within AmeriCorps*USA's four issue areas: education, public safety, health and human needs, and environmental and neighborhood restoration. The list, while both long and diverse, is not exhaustive; not every accomplishment has been captured. Nevertheless, the list summarizes the major accomplishments of the selected sites.

¹ Accomplishments listed are from reviews conducted with each operating site by Aguirre International evaluators between February 7 and March 9, 1995.

Education

The AmeriCorps Members helped children and youth from impoverished urban and rural communities to succeed in school. They taught in classrooms, established new learning programs in and out of school, and prepared preschoolers for the demands of school. Specific accomplishments include the following:

- Taught 1,430 and tutored 7,638 pre-school, elementary, and junior high school students in basic educational skills.
- Conducted enriched learning programs and initiated new ones — such as computer-based reading instruction, peer tutoring, scientific experimentation, and programs for children with special needs — for 6,414 children.
- Established after-school and vacation programs to reinforce the academic involvement of 4,656 children.

The AmeriCorps Members helped at-risk children succeed in school by assisting them and their families to develop their sense of civic and community responsibility and to become more stable, more self-sufficient, and more involved in the community. Specific accomplishments include the following:

- Organized and supervised community service projects for 4,469 at-risk children and youth. Projects included neighborhood cleanups and providing food for elderly people.
- Counseled, taught parenting skills, and/or provided problem solving assistance to 390 families, 183 teen parents, and the low-income families of 440 children at risk of failing in school.
- Provided literacy or employment-related training for 694 adults.
- Provided intensive educational support — including regular counseling — to 30 troubled teenagers living in group homes and 33 low-income children, including 22 homeless preschoolers.

Public Safety

The AmeriCorps Members started neighborhood safety programs, mobilized neighbors, and improved community/police relations, resulting in safer communities. Specific accomplishments include the following:

- Escorted 8,500 children to school through safe corridors.
- Started 258 neighborhood safety programs and patrolled 250 vacant buildings to prevent violence, drug-dealing and other illegal activities.
- Initiated 2 programs to improve community/police relations, including assisting a police mobile unit.

The AmeriCorps Members worked to prevent violence in school by teaching mediation techniques, resulting in decreased incidence of violence and negative behavior. Specific accomplishments include the following:

- Resolved 414 school conflicts that might otherwise have ended in violence or with students dropping out of school because of fear of violence.
- Taught conflict resolution techniques to 8,119 school children.
- Counseled and taught alternatives to violence to 1,350 potential or actual gang members and 54 parents of children at risk of becoming involved in gangs.
- Initiated 3 programs to train school and community members to implement violence prevention activities.
- Secured donated materials and created a memorial garden and mural in memory of 3 children slain in the streets.

The AmeriCorps Members worked to prevent violence and drug abuse in families and communities and provided direct assistance to victims of crime as well as referring them to needed services. Specific accomplishments include the following:

- Conducted workshops for 220 at-risk individuals about family violence prevention.
- Answered crisis hotline calls and made referrals for 878 victims of sexual and domestic violence.
- Provided each of 470 victims of sexual and domestic violence with 30 days of counseling and assistance.
- Counseled 35 elementary or high-school students in crisis as a result of rape, violence, or home difficulties.
- Counseled 1,180 teenagers about alcohol and drug abuse.
- Conducted home visits about drug or alcohol abuse prevention with 120 community residents.

Health and Human Needs

The AmeriCorps Members made independent living easier for disabled, elderly, or hospitalized individuals by providing direct support service and by recruiting and organizing community volunteers. Specific accomplishments include the following:

- Helped 123 elderly persons, 50 visually impaired adults, and 9 visually impaired children live independently.
- Provided job-related training, independent living assistance and/or medical referrals for 135 mentally ill or developmentally disabled persons.
- Organized weekly social activities for 400 elderly nursing home residents.
- Constructed wheel-chair accessible trails, ramps, or sidewalks at 3 parks, 5 low-income homes, and 4 public buildings.
- Obtained donated materials, trained 58 volunteers, and repaired the homes of 296 elderly persons.

The AmeriCorps Members provided emergency medical services, as well as health training and education. Specific accomplishments include the following:

- Trained 1,144 inner-city residents in CPR.
- Provided emergency medical services to over 1,500 people.
- Screened 1,100 low-income children for lead toxicity and other health risks.
- Provided health counseling, education, or referrals and transportation to 220 low-income families and over 5,000 individuals.
- Disseminated health care information to 4,567 individuals.
- Distributed 150 children's car seats to low-income families.
- Conducted immunization screenings — immunizing 158 individuals and notifying 500 others of their families' need to be immunized.
- Administered 301 HIV tests and counseled patients regarding results.
- Conducted workshops and distributed information on AIDS and tuberculosis to over 7,000 people.

The AmeriCorps Members helped meet the basic needs of low-income and homeless people for food and shelter. They improved low-income housing, fed the hungry, and improved the methods of service referral and delivery. Specific accomplishments include the following:

- Renovated 238 inner-city housing units and 99 rural homes; began renovation of 121 more.
- Refurbished 2 homeless shelters and began to renovate 3 buildings — one for seniors, one for battered women, and one for the formerly homeless.
- Distributed food to more than 16,625 low-income people and packed 7,000 dinners and 32,000 breakfasts for the hungry.
- Found shelter for 400 homeless families, and sorted and distributed clothes to 350 homeless individuals.
- Secured hospice housing for 27 people with AIDS and helped feed (on a weekly basis) 1,250 people who have AIDS or who are HIV positive.
- Provided housing information or counseling to over 500 low-income and homeless families.
- Secured donated furniture, repaired it, and delivered it to 300 newly-housed families.

Environmental and Neighborhood Restoration

The AmeriCorps Members responded to emergencies, including post-disaster environmental restorations, and worked to improve emergency response capacity in parks and public lands. Specific accomplishments include the following:

- Inspected and repaired 87 small dams, protecting 200 farms.
- Provided disaster recovery assistance to 350 land owners recovering from a flood; activities included sand and soil deposit mapping, advice on pasture and hayland management, watershed mapping, and computer simulations to plan floodplain management.
- Fought 2 major forest fires and saved 1 national park road from washing out.
- Joined at least 5 search and rescue efforts.

The AmeriCorps Members restored and stabilized the natural environment and wildlife habitats. Specific accomplishments include the following:

- Planted 212,500 trees.
- Restored 320 acres of wild land areas by repairing fire and flood damage, re-planting to prevent erosion, and fencing off wetlands to prevent illegal dumping.
- Restored or stabilized 27 miles of riverbed and stream banks to improve the habitat of salmon; fenced another 7 miles to keep cattle from destroying spawning grounds; repaired three aquaculture tanks with a capacity to rear 1,000,000 salmon fry per year.
- Removed 2,000 lbs. of trash from an urban river.
- Monitored water quality in 2 parkland areas.
- Surveyed 5,700 acres of National Forest land as part of reforestation programs to monitor reforestation efforts; conducted biological inventories on 12,000 acres of wetland.
- Built, restored, or maintained 311 campsites, 88 miles of parkland trails, 17 bridges, and 1 mile of forest service road.
- Cleaned up storm debris and trash on 3 beaches, protected sand dunes on one beach, and built one wildlife observation platform and 3 duck blinds.

The AmeriCorps Members improved neighborhoods, parks, and recreation facilities by converting vacant lots, renovating buildings, repairing public facilities, and conducting recycling and conservation programs, resulting in a heightened sense of community ownership. Specific accomplishments include the following:

- Renovated 11 community buildings, including an inner-city medical clinic, community centers, and public schools.
- Converted 29 overgrown lots into green space; built 7 community gardens; planted trees along 30 city blocks.
- Cleaned 27 miles of road, restored 1 community reservoir, removed illegally dumped garbage from one community; and unclogged more than 14,000 storm drains.
- Created 4 playgrounds, designed 1 picnic area, and improved safety at 1 scenic overlook.
- Restored, repaired, or maintained 19 historical landmarks and a traditional tribal longhouse.
- Completed 61 inner-city neighborhood clean-ups — including a city-wide graffiti removal.
- Distributed 1,375 low flush toilets and 1,700 water conserving showerheads in low-income neighborhoods — along with over 1,400 water conservation guides.
- Recycled 920 inefficient toilets and 1,120 inefficient showerheads.

**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



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 20025
Telephone 202-626-5000

Getting Things Done.
AmeriCorps, National Service
I serve 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.

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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.

2. 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.

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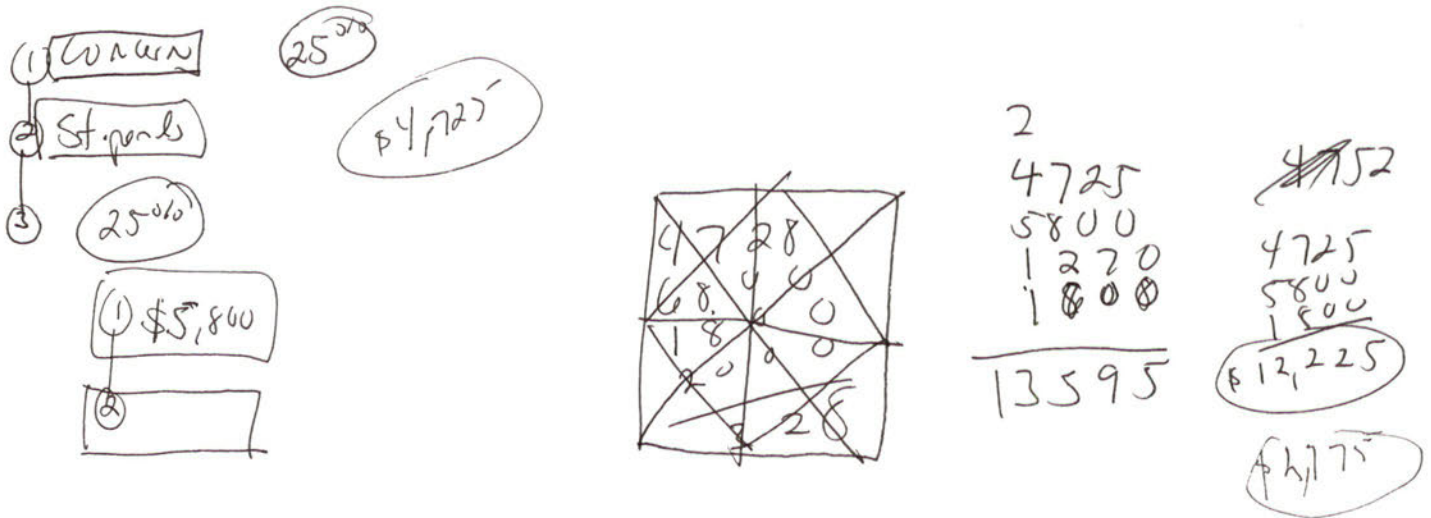
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March 11, 1996

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 20525
Telephone 202-606-5000

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

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The Honorable Charles E. Grassley

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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.

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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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The Honorable Charles E. Grassley
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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.]** **[I am committed to working with the Congress to establish goals for the private sector and nonfederal match amounts and to reduce per capita Corporation costs.]**

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



March 9, 1996

AmeriCorps National Service

CORPORATION
FOR NATIONAL
SERVICE

The Honorable Jerry Lewis
Chairman
Subcommittee on Veterans Affairs, Housing
and Urban Development and Independent Agencies
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Corporation for National and Community Service is currently completing an in-depth study of the auditability of its financial statements and systems. The study is being carried out by two independent accounting firms under contract to our Office of Inspector General. The Corporation's Board of Directors is fully involved in this process, and I wanted to apprise you of our progress to date.

The purpose of conducting the study is to determine whether the Corporation's financial statements for fiscal year 1994 meet generally accepted accounting principles and to assess the adequacy of internal controls. The Corporation for National Service is covered by requirements of the Government Corporation Control Act. Corporations covered by this Act are required to prepare annual financial statements which are to be audited. Since organization of the Corporation for National Service was not completed until April of 1994, much of the audit of the 1994 financial statements covers systems used by a predecessor organization, the former ACTION agency.

This financial statement audit of the Corporation was begun in May of 1995 under an Office of Inspector General contract with Williams, Adley & Company, LLP in association with Arthur Anderson LLP. During the audit, the contractors identified significant issues related to the Corporation's accounting, recordkeeping, and management control activities. Specifically, the review has concluded that the Corporation's financial statements from its first year of operations are not auditable, and that the Corporation needs to take additional steps to strengthen internal controls within the organization.

The auditors' conclusions were not unexpected. Experience has shown that auditors have been unable to audit the financial statements of most Federal agencies preparing financial statements for the first time under the provisions of the Chief Financial Officers Act. The situation was exacerbated in the Corporation's case, because in addition to launching the new

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national service programs--AmeriCorps, the National Civilian Community Corps, and Learn and Serve America--the Corporation continued programs of the former ACTION agency and the former Commission on National and Community Service. In doing so, the Corporation combined systems from the predecessor organizations, none of which were required to produce auditable financial statements.

The organizational and financial consolidations with the Corporation, combined with a demanding start-up for major new programs, severely strained the Corporation's limited financial personnel and systems. Particular attention had to be focused on designing interim program data and grant management systems; building a data base for over 20,000 AmeriCorps Members the first year; creating an automated Trust Fund system to manage education awards for these individuals; and modifying the Corporation's accounting and financial system, which was a stopgap measure involving the system carried forward from the former ACTION agency. Therefore, our accounting systems have yet to receive the intense and sustained remedial attention that is needed.

While I understand what has brought us to these results, I am committed to resolving our accounting issues and share Comptroller General Charles Bowsher's views, as noted in recent testimony, that: "agencies have a critical need to greatly improve and modernize financial management systems, which across government, are in abysmal shape today, and, in doing so, to re-engineer financial management processes, while at the same time implementing new accounting and financial reporting requirements."

The Corporation for National Service is re-engineering its financial management processes to meet the challenges resulting from its expanded responsibilities. We appreciate the work of the auditors, which will culminate in an auditability survey to be issued by the end of March. The survey has helped us to identify the short-term and long-term steps we need to take. We have already done the following based on this survey:

- Established a single point for approval of access to the accounting system, documentation of approvals, and periodic reviews of approvals as a means of strengthening controls over access.
- Improved cash receipts control by segregating duties related to the receipt of cash and the entry of information into the accounting system.
- Initiated a detailed cash reconciliation between Corporation and Treasury records for fiscal year 1996.
- Reconciled data between the payment system used for grants and the accounting system.
- Provided for a second review of all investment decisions made by the Corporation.

- o Improved the comprehensiveness of procurement policies.
- o Enhanced the security of computer systems.

The Corporation is also securing additional independent expertise from prominent accounting firms to augment our staff resources. The selected firms will focus primarily, over the next twelve months, on resolving findings in the audit related to the Corporation's day-to-day operations. Our goal is to resolve all operational issues during this period and develop auditable financial statements for fiscal year 1996 and thereafter.

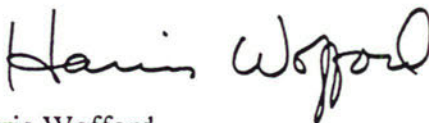
On a longer term basis, a complete redesign of the Corporation's accounting systems will be undertaken to modernize them and ensure they address both current and emerging needs. This includes the possibility of a complete replacement of the Corporation's current accounting system. Our belief is that while the present system may have been adequate in previous decades for a far smaller organization, state-of-the-art systems are now required for carrying out the Corporation's broader legislative mandate. In this regard, it is critical that sufficient funds be appropriated for the Corporation's program administration budget to purchase and put into place the new systems.

A permanent Chief Financial Officer will be nominated in the near future to carry out these initiatives.

Finally, I would like to emphasize that the Corporation for National Service has made an extraordinary record in the start-up of AmeriCorps and Learn and Serve America while continuing full support for established programs such as Senior Companions, Foster Grandparents, the Retired and Senior Volunteer Program and VISTA. Our Corporation is a decentralized, diversified, market driven, public private partnership, based in the independent sector. My primary aim has been and continues to be to have national service established in the public mind as a non-partisan institution in which the American people can take pride. As we move forward, the Corporation's emphasis on having a modern financial management system will pay substantial dividends by improving our efficiency and effectiveness.

Thank you for your continuing interest in the programs of the Corporation for National Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Harris Wofford". The signature is fluid and cursive, with the first name "Harris" and last name "Wofford" clearly distinguishable.

Harris Wofford
Chief Executive Officer

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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MARKING INITIALS: MM DATE: 2/21/97

2015-0661-f-3

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

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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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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. but in real m

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

National Service Appropriations

4:30, Leon's Office

Leon

Sen. Wofford

George

Gene

John Hilley

Bruce Reed

Ken Apfel

Martha Foley

Jack Lew

Corporation for National and Community Service (CNCS) Reauthorization Issues

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.

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.

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.

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.

\$17,000

120
5

130
52

260
650
67

1
52
12

104
520

624

44,000

50 120
50

130
6500

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

Member Costs

Current Program

Reform

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.

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.

100
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3
126
526



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. VanWien *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.

\$19,000

MEMORANDUM FOR DISTRIBUTION

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

CORPORATION
FOR NATIONAL
 SERVICE

ION
VAL
CE

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
Washington, DC 20525
Telephone 202-606-5000

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

Susan S. Trows

The President's Challenge to Students and Schools

National Service Leader Schools

The Strategy: To encourage high schools to make a substantial commitment to involving students in service and to designate exemplary schools as "National Service Leader Schools."

The High School's Challenge: To make service a common expectation and experience of all students, for example, by integrating service into the curriculum or making service a graduation requirement.

The Government's Challenge: To recognize and reward the high schools that have most effectively integrated service into the learning process and involved the student body in service.

The Student's Challenge: To spend at least five hours a week doing volunteer work.

Illustrative Example: More than 1,000 high school students are trained as mentors and classroom aides for elementary and middle school students every year as part of Learn and Serve America*Summerbridge.

The Goal: To highlight the connection between service and educational excellence and spur high schools around the country to increase the role of service in productive learning.

National Service Scholars

The Strategy: To encourage communities to honor the students who do extraordinary volunteer work through a government matching grant system.

The Community's Challenge: To prompt community groups, states or schools to set up a scholarship fund for high school students who do significant volunteer work.

The Government's Challenge: To match each dollar raised, up to \$500.

The College's Challenge: To consider the scholarship as an indication of leadership potential in the admission process.

The Student's Challenge: To perform significant service through community groups, schools churches or synagogues.

Illustrative Example: The Junior League of Washington now gives college scholarships to the high school student in the District of Columbia who volunteers the most hours. The National Service Scholars program would increase the number of such awards.

Goal: By next year, high schools throughout America would announce National Service Scholars.

Serving Your Way Through College

The Strategy: To more effectively focus College Work Study positions on community service activities.

The Government's Challenge: To support President Clinton's proposal to increase funding for the College Work Study program by 10% per year for the next five years, allowing colleges to redirect the focus of the College Work Study program more toward serving community needs.

The College's Challenge: To direct the focus of their College Work Study funds more toward serving community needs. Applying one-half of President Clinton's proposed increase in work study funds each year to community service opportunities would increase the number of such opportunities from the current 36,000 to more than 200,000 by the turn of the century.

The Student's Challenge: To help not only themselves but their communities as they work their way through college.

Illustrative Example: Ohio Wesleyan University has work-study students tutor and mentor disadvantaged middle school students as part of a Columbus, Ohio, initiative, a program based on the acclaimed "I Have a Dream" model.

Goal: To align student opportunity with responsibility -- to make college more affordable, connect schools and their students with the surrounding communities, and serve community needs through student work study service.

preserve it.

Let me just suggest three other things that we could do to get more young people involved. First, I've asked Congress to increase funding for work-study programs for students so that we can have a million students earning their way through college by the year 2000. (Applause.) Today I'd like to ask Penn State and every other institution of higher education in the country to consider using more of this money to promote service -- to put thousands of college students to work in community service. If it's good for students to earn money by putting books back in library shelves or working in the Dean's Office, surely it makes sense for them to earn money helping teen mothers handle their responsibilities, helping older people get around, helping young people to look to a brighter future. (Applause.)

Second, I challenge every high school in America to make service a part of its basic ethic. Every high school student who can do so should do some community service. There are some schools, both public and private, that require community service as a part of their curriculum. I say, good for them. Commitment to community should be an ethic we learn as possible so we carry it throughout our lives. (Applause.)

And third, I challenge every community to help those high school students answer the call of service. Today I'm prepared to make an offer and challenge any school district or civic organization in the country to match it: If you will raise \$500 to reward a high school student who has done significant work to help your community, the federal government will match your \$500 and help that student go on to college. (Applause.) That would cost us, by the way, about \$10 million if every high school in the country did it. It would be the best \$10 million we ever spent. We would get hundreds of millions of dollars -- of improved quality of life and service to people as a result of it. (Applause.)

This fall I'll announce the winners of a nationwide competition to identify schools that have done the best job in encouraging this kind of service. Students at those schools will become National Service Scholars. A year from now I want it to be even bigger. I want every principal in America to be able to stand up before a graduating class and announce the name of a National Service Scholar. We should make service to the community a part of every high school in America and a part of life of every dedicated citizen in the United States. (Applause.)

So, my fellow Americans, in spite of all we have to do to create more opportunity, we also must find a way to urge, cajole, plead, generate, demand more responsibility for ourselves, our families, our communities and our country.

The GAO and the Cost of AmeriCorps

In addition to confusion about what the August, 1995 GAO report on AmeriCorps actually says about the cost of AmeriCorps, many people do not know what the Corporation for National Service has already done to address concerns identified in the report.

The “Costs” of AmeriCorps

The introduction of that GAO report on AmeriCorps states that “it is important not to equate our funding information with cost data.” Rather than report on cost, the GAO described “total available resources,” -- not quite the same thing. For instance, included in the GAO’s \$26,654 figure were:

- Donations from independent foundations, corporate groups, and private individuals. These are discussed in greater detail below – but in no way should be misconstrued as in any way related to costs to taxpayers.
- In-kind donations from state and local governments that represent no real cost to the taxpayers. The GAO counted AmeriCorps members using the local police’s computer after hours to track crime statistics and improve block-watch programs as a “resource” – though there was no marginal cost in doing so.

The GAO reported the Corporation is spending less per AmeriCorps member than it had promised. The GAO reported that the Corporation predicted it would spend \$18,800 on each AmeriCorps member, including the \$4,725 education award and the Corporation’s 85% (\$6,900) share of the stipend. The GAO found the cost to be \$17,629.

The GAO concluded that AmeriCorps almost tripled the amount it was required to raise from non-Corporation sources in its first year. Congress directed AmeriCorps programs to raise \$32 million. They raised \$91 million.

Of this, **\$41 million (more than the amount required of all sources) came from the private sector alone.**

- Of course, this means the rest came from other government sources (predominately States and localities). This support shows the degree to which local leaders have recognized that AmeriCorps is a smart investment through which they can help solve problems in their communities.

Steps the Corporation for National Service Has Taken to Further Reduce the Costs of AmeriCorps

Based on concerns identified in the GAO report and other constructive critics of AmeriCorps, the Corporation for National Service has:

- Eliminated AmeriCorps grants to other Federal agencies. The GAO reported these as among the most expensive programs to taxpayers. (The Federal agencies were forbidden by law from raising matching funds from the private sector.)
- Eliminated planning grants.
- Raised program matching fund requirements for grantees to 33 percent (from 25 percent) for the 1996-1997 program year starting this fall.
- Required all AmeriCorps grantees to secure private-sector support.
- **Announced it will lower its average budgeted cost per AmeriCorps member in its grants programs by \$1,000 each year to \$15,000 in program year 1999-2000.**

In addition:

- AmeriCorps grantees have already reduced costs by 7% in real terms
- AmeriCorps grantees with above-average costs are already cutting costs by 10% for projects which will begin this fall.
- The Corporation for National Service has already reduced its administrative budget by 12% in real terms.

Talking Points Against Amendments to Eliminate AmeriCorps

We Shouldn't eliminate AmeriCorps because

- AmeriCorps is getting things done
- AmeriCorps is cost-effective
- AmeriCorps has earned private-sector support
- AmeriCorps is already cutting costs
- AmeriCorps has eliminated grants to Federal Agencies
- Reports of problem programs are the exceptions which prove the rules work.

National Service Is Getting Things Done – Bi-Partisanly

2/3 of the AmeriCorps programs are chosen by Governor-appointed State Commissions (3/5 of which are headed by Republicans) to address local needs. The program works. An evaluation of AmeriCorps programs by Aguirre International – headed by President Ford's Commissioner of Education found **that just one-tenth** of the AmeriCorps members:

- Taught 23,641 students.
- Tutored 24,867 individuals.
- Mentored 14,878 youths.
- Helped 2,551 homeless people find shelter.
- Planted more than 210,000 trees.
- Collected, organized, and distributed 974,103 pounds of food and 5,000 pounds of clothes.
- Developed and distributed 38,546 sets of information about drug abuse, street safety, health care, and other issues.
- Ran violence-prevention after school programs for 49,632 youth.
- Performed energy audits for more than 18 million square feet of buildings.
- **Leveraged 669,369 hours of service by unstipended volunteers** -- each AmeriCorps member leverages about 16 volunteers and generates 246 volunteer hours.

AmeriCorps is Cost Effective

- Numerous independent studies this year, including one by conservative "Chicago School" economists sponsored by three private foundations to test their investment in AmeriCorps, confirmed that investments in national service programs are sound, yielding from to \$1.54 to \$3.90 for every dollar invested.

Private Sector Support

- In **FACT**, the 1995 GAO report concluded that AmeriCorps almost tripled the amount it was required to raise from non-Corporation sources in its first year. Congress directed AmeriCorps programs to raise \$31 million. They raised \$91 million. Of this, **\$41 million (more than the amount required of all sources) came from the private sector alone**. Such financial support proves that leaders at the local level across the country feel that AmeriCorps is an effective way to meet the needs of their communities.

Talking Points Against Amendments to Eliminate AmeriCorps

The “Costs” of AmeriCorps

- In **FACT**, AmeriCorps grantees have already reduced costs by 7% in real terms
- In **FACT**, AmeriCorps grantees with above-average costs are already cutting costs by 10% for projects which will begin this fall.
- In **FACT**, the Corporation has already reduced its administrative budget by 12% in real terms.
- In **FACT**, the Corporation has recently announced it will lower its average budgeted cost per AmeriCorps member in its grants programs by \$1,000 each year to \$15,000 in program year 1999-2000
- In **FACT**, the GAO reported the Corporation is spending less per AmeriCorps member than it had **promised**. The GAO reported that the Corporation had predicted it would spend \$18,800 on each AmeriCorps member, including the \$4,725 education award and the Corporation's 85% (\$6,900) share of the stipend. The GAO found the cost to be \$17,629.

AmeriCorps Grants to Federal Agencies

- In **FACT**, the Corporation has already announced that it will no longer make AmeriCorps program grants to other federal agencies.

“Political Activities”

- In **FACT**, Representative Hostettler is focusing on just of two (ACORN Housing, Cole Coalition) of the 1200+ AmeriCorps sites and 450+ AmeriCorps programs over the last two years, and in both these cases, the Corporation and the Governors' Commissions **found the problems and cut off funds to the programs to eliminate the waste of taxpayer dollars!** These are the exceptions that prove the rules work!

In fact,

- **Governors Weld, Wilson, Engler, Merrill, and Almond,**
- **Religious groups like the Catholic Network of Volunteer Service, The Episcopal Church, and Agudath Israel of America, and**
- **Volunteer sector leaders like Habitat for Humanity, Big Brothers / Big Sisters, the Red Cross and the YMCA**

support AmeriCorps strongly. We should, too.

Hoekstra Amendments to Eliminate “Training and Technical Assistance” and “Innovative Demonstrations and Support Services” Would Destroy AmeriCorps

This document provides requested talking points in response to anticipated inaccurate floor statements during consideration of Representative Hoekstra's amendments to destroy AmeriCorps by investing in “Training and Technical Assistance” and “Innovative Demonstrations and Support Services.”

1. Overview of What The Hoekstra Amendments Would Do
2. How National Service Has Acted on Rep. Hoekstra's Concerns
3. Quality Assurance
4. The Presidio Leadership Center
5. Funding Left Wing Groups (e.g. AFL-CIO)

1. Overview of the Hoekstra Amendments

Just as a Fortune 500 company might develop improved products or update departmental bookkeeping, the Corporation uses these funds support the development of cutting-edge innovative service initiatives and the strengthening of state commissions and community-based nonprofits. As government is downsized and bureaucracies are eliminated, this modest investment develops new, accountable community-based solutions to problems that continue to mount. **These amendments would eliminate:**

- **Governors' Innovative Programs** – the following Governors received funding this year to use national service to implement their agendas:

Governor Engler's effort to reform the welfare system

Governor Hunt's effort to raise academic performance of at-risk youth

Governor Keating's effort to improve neighborhoods in OKCity Enterprise Zones

Governor Glendening's effort to enforce community service sentences for non-violent offenders

Governor Carlson's effort to help at-risk youth in rural areas

Governor Roemer's effort to increase quality of child care providers

Governor Pataki's effort to fight violence in schools

Governor Dean's effort to weatherize homes of poor, rural elderly and disabled citizens

Governor Wilson's effort to improve education through mentoring

- **The Disability Program** as required by law, provides funds directly to states and nonprofits who sponsor AmeriCorps members to help them engage individuals with disabilities as service-providers, not beneficiaries. The United Cerebral Palsy Association helps state commissions and programs comply with the ADA.
- **National Non-profit Initiatives** provide opportunities for the nation's great non-profits to engage AmeriCorps members on a limited "trial" basis, cutting through red tape and full grant application procedures. This is a cost-effective approach that allows organizations to concentrate their efforts on developing quality programs that meets community needs, rather than grant writing. The Corporation has recently approved the Girls Scouts of the USA, the United Way of America, and the Child Welfare League of America for such initiatives.
- **Quality Assurance** is just as important for national service grantees as it is for a Fortune 500 company, which might invest in quality, training, and financial management. This is especially important for national service because most decisions and resources have devolved to the state commissions and community-based nonprofits. **The alternative could be mediocre programs and wasted tax dollars**

2. The Corporation for National Service Has Acted on Rep. Hoekstra's Concerns

Cut Costs.

- AmeriCorps grantees have already reduced costs by 7% in real terms.
- AmeriCorps grantees with above-average costs are already cutting costs by 10% for projects which will begin this fall.
- The Corporation has already reduced its administrative budget by 12% in real terms.
- The Corporation's AmeriCorps*National Civilian Community Corps has cut headquarters staff by 25 percent and campus staff by 30 percent, closed one base, and cut living allowances by half.
- The Corporation will lower its average budgeted cost per AmeriCorps member in its grants programs by \$1,000 each year to \$15,000 in program year 1999-2000.

Increased Private-Sector Support.

- All AmeriCorps grantees are already raising more match for program support (33 percent, up from 25 percent) for projects which will begin this fall.
- 100 % of the AmeriCorps grantees have support from the private sector this year.

Increased "Education-Award-Only" Grants.

- To further lower costs, the Corporation is expanding the number of sponsors who receive no direct funding from the Corporation but whose members earn education awards from the National Service Trust to support 2,000 AmeriCorps members.

Improved Financial Management.

- The Corporation is reinventing old, outdated government accounting standards inherited from predecessor agencies to meet new, private-sector standards for financial management.
- A recent study by Arthur Anderson LLP and William-Adley LLP contained 99 recommendations to reach auditability. The Corporation has already implemented 54 and will finish another 21 by October 1.
- To put the Corporation's problems in perspective, other government agencies which has had similar difficulties with their first audits include the Department of Defense, Department of Justice, Department of Transportation, Federal Emergency Management Agency, General Services Administration, House of Representatives, Internal Revenue Service, National Aeronautics and Space Administration, Nuclear Regulatory Commission, Social Security Administration, United States Customs Service

Eliminated All AmeriCorps Program Grants To Other Federal Agencies.

Increased State Control.

- Over the last two years, the Corporation has helped the Governors' National Service Commissions to develop appropriate peer review processes so they – not the Corporation –take responsibility for review of their formula grant selections.
- This summer, all but four states took over this responsibility. As the states enhance their capacity, further devolution will occur.

Eliminated National Identity Requirements.

- The Corporation has eliminated the uniform requirement for all AmeriCorps grantees and reduced the amount of grant money a local AmeriCorps program can spend on uniforms if it chooses to use them down to \$32 per member.
- The Corporation eliminated the requirements for conflict resolution for all AmeriCorps grantees.
- The Corporation eliminated the requirements for CPR and first aid training for all AmeriCorps grantees.
- The Corporation eliminated the requirements for communications skills for all AmeriCorps grantees.

Increased "Volunteer-Generator" Programs.

- This year, each AmeriCorps member recruited, trained, and supervised an average of 16 community volunteers contributing a total of 246 hours of un-stipended service. Next year, AmeriCorps is going to put even more emphasis on such programs.

Eliminated All AmeriCorps Planning Grants.

Stopped Supplementing Relocation Costs.

- The Corporation has stopped assisting AmeriCorps members with relocation costs.

3. Why National Service Needs Quality Assurance

Improve evaluation and monitoring – Project STAR (Support and Training for Assessing Results) helps local programs evaluate what's working and what isn't. Another training contract helps state commissions to set up monitoring and evaluation systems.

Improve Quality through Sharing Best Practices -- The National Crime Prevention Council helps AmeriCorps anti-crime projects set up block watches. The Southern Regional Council helps programs develop effective tutoring programs that involve parents and raise reading scores. The Visiting Nurses Association of America help programs that allow seniors to live independently instead of in nursing homes.

Help Local Groups Recruit Quality Participants -- The Catholic Network of Volunteer Service uses staff from the Jesuit Volunteer Corps, Lutheran Volunteer Corps and Mennonite Volunteer Corps to help local programs recruit high-quality AmeriCorps members.

Improve Financial Management -- Walker and Associates, a CPA firm, helps local program set up sound financial accounting systems. The Non-Profit Risk Management Center helps programs avoid liability lawsuits and navigate labor laws.

Helps Neighborhood Groups – The United Way of America assists small community agencies set up quality, sustainable AmeriCorps programs.

Strengthen the State Commissions – Almost half the training and technical assistance money goes directly to the state commissions, the bi-partisan bodies appointed by the governors that distribute most AmeriCorps grants.

Help Programs Involve Disabled Citizens –United Cerebral Palsy helps programs recruit and retain people with disabilities as AmeriCorps members and help programs abide by the American with Disabilities Act.

4. The Presidio Leadership Center

- The Presidio Leadership Center provides leadership development and environmental technical assistance to staff and programs of the Corporation for National Service. The Center's mission is to help national service organizations increase sustainability by providing training for leaders and creating networks of support.

Most successful businesses invest in just this type of personnel training. If it works for the private sector, why not AmeriCorps?

- **Herman Miller – the furniture company in which Rep. Hoekstra was a top executive for fifteen years – invested significant sums in training with The Center for Creative Leadership and Interaction Associates – AmeriCorps' two biggest partners in the Presidio Leadership Center!**
- **The City of Grand Rapids and the County of Kent, MI, have both worked with the National Association for Community Mediation, another AmeriCorps partner.**
- Other clients of the Center for Creative Leadership, Interaction Associates, and the National Association for Community Mediation include American Express, Apple, Chevron, Cigna, Digital, Exxon, Ford, GE, GM, Goodyear, IBM, Kraft, Kimberly-Clark, Marriott, Microsoft, Proctor & Gamble, the Prudential, Sara Lee, and Shell.
- At the end of FY 1996, the Presidio Leadership Center will have trained 1300 people.
- The Corporation for National Service pays \$1.66 per square foot to share a 7630 square foot office space at the Presidio – 26% less than the current GSA approved rate of \$2.25 per square foot for San Francisco. The office furnishings and phone system hardware were recycled from other government agencies, at no cost to the taxpayer.
- There is only one golf course on the Presidio grounds – it was built and paid for by the United States Army. Currently managed by Arnold Palmer Golf Management, Presidio tenants have no advantage over the general public in use of the course. To the Corporation's knowledge, no participant in training has used the facilities.
- The Presidio Leadership Center's FY '96 budget includes three FTE and four contract staff. However, one FTE staff was included in a Corporation-wide Reduction in Force in April 1996 – there are now only two FTE staff.
- The Presidio Leadership Center exclusively trains individuals and program staff affiliated with the Corporation for National Service, such as program directors of Learn and Serve America, National Senior Service Corps and AmeriCorps programs. The Presidio Leadership Center does not conduct training for any corporate clients.

5. THE FUNDING OF "LEFT WING" CAUSES (e.g. the AFL-CIO)

If it's good enough for Elizabeth Dole....

The politicians trying to kill AmeriCorps have cited the awarding of technical assistance contract to The Human Resources Development Institute, which is affiliated with the AFL-CIO, as evidence of politicization. In fact, this group has a long, strong track record helping local non-profits with financial management – so strong that Elizabeth Dole's Department of Labor gave it two contracts 16 times the amount of the AmeriCorps contract. (The Corporation's HRDI contract was not for \$400,000 but for \$239,000)

If it's good enough for the U.S. Navy...

The politicians trying to kill AmeriCorps have also breathlessly proclaimed that they "uncovered" a contract with the National Multicultural Institute. This group has worked with the U.S. Navy, Montgomery County Department of Corrections, and the American Baptist Churches to insure that people of different backgrounds work together. As ethnic separatism has taken over so many college campuses, AmeriCorps has promoted the opposite ethic: team work.

If it's good enough for the Better Business Bureau...

The politicians trying to kill AmeriCorps have attacked the National Association of Community Mediators. This group works with communities to help resolve conflicts. Mediators in the association have trained "left-wing" groups like the Better Business Bureau in Texas, the police department in San Diego, and Amoco Oil Co. in Chicago.

If it's good enough for Republican governors...

The politicians in Washington trying to kill AmeriCorps repeatedly cite a few examples to prove AmeriCorps is a tool of left-wing political activists. Out of 1,200 sites and 400 programs there have been two or three that violated AmeriCorps strict rules against political advocacy – and were quickly cut off. Most of the money is distributed by bi-partisan state commissions appointed by the Governors – three fifths of whom are Republicans. Perhaps that's why Massachusetts Governor William Weld called it "possibly one of the most intelligent uses of taxpayer dollars ever" and Michigan's John Engler said, "AmeriCorps captures the promise found in all citizens, young and old, who see problems in their communities and work together to solve them."

...then why isn't it good enough for some politicians in Washington?

- The implication of these charges is that these awards were made on the basis of favoritism and special treatment. Actually, the Corporation chose to engage in a rigorous competition, including both peer and staff review, even though the law doesn't require it. This competitive process resulted in the selection of the Catholic Network of Volunteer Services, the Visiting Nurses Association, the American Medical Students' Association, United Cerebral Palsy, Indiana University's Center on Philanthropy, and the United Way of America. All of them provide high quality training and technical assistance.

AmeriCorps National Identity

During consideration of the VA-HUD Appropriations bill, Representative Hoekstra (MI) may offer an amendment to “prohibit the use of AmeriCorps funds for any uniforms, location site signs, palm cards, or any other activity that would identify projects or participants as being associated with the AmeriCorps program.”

• In response to the concerns Mr. Hoekstra has expressed over the last year, the Corporation for National Service has **already eliminated most of its national identity requirements.** Starting this fall, local community-based AmeriCorps sponsors will choose if they want to participate.

The community-based organizations which choose to participate do so for:

- **Public Safety.** Uniforms identify corps members to the community. Programs that involve members going door to door or patrolling neighborhoods need to provide their members with appropriate visible identification. This is the reason law enforcement personnel, postal carriers, and Salvation Army workers wear uniforms.
- **Support National Pride and Patriotism.** In addition, uniforms help build a team and a sense of identity that is clear to those who wear the uniform and to those who are able to identify it. This is the reason that national organizations from the Girl and Boy Scouts to the Shriners and the Veterans of Foreign Wars have uniforms.
- **Shared Enterprise.** Also, uniforms imply equality between those who wear them. This is the reason why many private schools and increasing numbers of public schools require the wearing of uniforms.

The costs of National Identity are small. Savings from elimination will be negligible – or costs could go up!

- In the third year of AmeriCorps, which will begin this fall, programs will spend no more than \$32. of Corporation grant money for each member's uniform. “Site signs” cost approximately 25 cents; “palm cards” (1.5 inch x 3 inch pieces of paper with a participants name hand-written on it) cost less than a penny.
- Local programs that need uniforms will still need uniforms and signs, even without the AmeriCorps symbol.
- Currently, the Corporation purchases in bulk to lower costs. Under this amendment, programs may have to shop individually – eliminating returns to scale and increasing costs.

Putting AmeriCorps' Auditability Problems in Perspective

- **The Corporation for National Service inherited its financial management systems from the ACTION Agency** – which Congress folded into the Corporation in 1993. ACTION was never required to produce auditable statements under the Chief Financial Officers Act.
- **Many other government agencies have been found unauditably or have had other significant difficulties in their first audits**, including the House of Representatives, Department of Defense, Department of Justice, Department of Transportation, Federal Emergency Management Agency, General Services Administration, Internal Revenue Service, National Aeronautics and Space Administration, Nuclear Regulatory Commission, Social Security Administration, United States Customs Service
- **The Corporation recognizes its problems and is well on its way to fixing them.** The Corporation has been exemplary in its devotion to implementing the suggestions of its auditors. Of 99 suggested actions, the Corporation has already implemented 54. 22 more will be done by the end of the financial year.

The criticism we've been hearing about this is partisan nit-picking from the same people who used to tell us AmeriCorps was "feel-good fluff." Independent analysts, Governors, CEOs, and the volunteer sector have proven that AmeriCorps is exceeding their expectations about accomplishments and cost-benefits ratios – so now the naysayers are grasping at these straws.

Government Agencies Which Have Been Found Unauditable Or Have Had Other Significant Difficulties In Their First Audits

Department of Defense

Department of Justice

Department of Transportation

Federal Emergency Management Agency

General Services Administration

House of Representatives

Internal Revenue Service

National Aeronautics and Space Administration

Nuclear Regulatory Commission

Social Security Administration

United States Customs Service

CORPORATION FOR NATIONAL SERVICE

Harris Wofford, CEO

FACSIMILE TRANSMITTAL SHEET

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FOR NATIONAL
 SERVICE

TO: Gene Sperling

LOCATION: _____

FAX #: 456-2878 PHONE #: _____FROM: ~~Lee Bongiovanni~~ Steve WaldmanFAX #: (202) 565-2784 TELEPHONE #: (202) 606-5000, Ext. 546

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

COST BREAK DOWN FOR PROPOSALS

TO EXPAND NATIONAL SERVICE AND EDUCATIONAL OPPORTUNITY

Expand AmeriCorps to 100,000. The extra \$150 million proposed in FY 1998 for AmeriCorps would produce an 11,000 new AmeriCorps members dedicated to the America Reads initiative. Adding 10,000 new members each year thereafter – each increment to addressing a different pressing need – would mean adding \$150 million to each year's budget until year 2006 when we'd field 100,000 members.

Additional FY1998 CNS Cost: None -- beyond what's already budgeted.

Additional FY 1999 CNS Cost: \$150 million

Expand work-study's emphasis on service. All of the work-study money is already appropriated. Our proposal involves a shift from campus-based jobs to service jobs.

Additional FY1998 CNS Cost: None

Additional FY 1999 CNS Cost: None

Encourage Faith-Based Service. This would be done as part of our existing Education Award program using already appropriated AmeriCorps program and Trust Fund accounts.

Additional FY 1998 Cost: None

Additional FY 1999 Cost: None

Create summer service opportunities for another 100,000. We estimate that this could be done for roughly \$5000 per member. If we phased this in over four years, the ultimate cost in 2002 would be \$500 million.

Additional FY 1998 Cost: \$125 million.

Additional FY 1999 Cost: \$250 million.

Help Military Recruitment through a Smart Partnership with Civilian Service. Providing service scholarships to some ROTC participants would be done through the existing Education Award program using already appropriated AmeriCorps program and Trust Fund accounts.

Additional FY 1998 Cost: None

Additional FY 1999 Cost: None

Expand National Service Scholars. We are paying for the first few thousand of the scholarships out of existing Subtitle H money. With a minor legislative change allowing us to use the Trust Fund surplus for the scholarships we could fund approximately 40,000 scholarships without any additional appropriations.

Additional FY 1998 Cost: None

Additional FY 1999 Cost: None

Mobilize the young to serve the young. The drive to mobilize the youth serving organizations largely involve use of existing resources and the bully pulpit.

Additional FY 1998 Cost: None

Additional FY 1999 Cost: None

Expand Senior Service. This would be a major initiative geared toward someday mobilizing 500,000 seniors in the twin missions of helping children read independently and seniors live independently. We believe this could be easily paid for by the savings generated to Medicaid and Medicare by the use of national service participants to help frail seniors stay at home. The Corporation's cost would be to pay for scholarships for those seniors who would prefer to earn transferable education awards instead of stipends. We would need new legislation to gain such authority. We proposed that the program start out at 100,000 and only expand if the presumed savings actually materialized. HCFA would pay the upfront costs for stipends and administrative support on the senior care component and the Corporation would pay for the scholarships.

Additional FY 1998 CNS Cost: \$200 million.

Additional FY 1999 CNS Cost: \$200 million

Together these proposals would ultimately provide opportunities for 500,000-1,000,000 Americans to earn college aid by doing service or volunteer work. Most of these proposals require no additional FY1998 money. The two that do require extra money are the senior corps expansion and the summer service proposal. The total additional FY1998 cost to do everything on this list would be \$325 million.