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[The GAO (Government Accountability Office) and the Cost of AmeriCorps] [loose]

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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 <u>less</u> 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 is 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 Commissioned 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 is 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 Mediation. 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 unauditable 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 nay-sayers 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