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Very First Rough Draft Business Plan - 9/21/93

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VERY FIRST ROUGH
DRAFT — 9/21/93

THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

President Bill Clinton — bill signing September 21, 1993

"Beyond the concrete achievements of Americorps, beyond the expanded educational opportunities those achievement will earn, national service — I hope and pray — will help us to remember in the quiet of every night that what each of us can become is to some extent determined by whether all of us can become what God meant us to be."

Mission statement

The Corporation for National and Community Service will engage Americans of all ages and backgrounds in community-based service. This service will address the nation's educational, human, public safety, and environmental needs to achieve meaningful results. In doing so, the Corporation will foster civic responsibility, strengthen the cords that bind us together as a people, and provide educational opportunity for those who make a substantial commitment to service.

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I. Executive Summary:

II. Status of service field:

In order to understand our mission and how we as a new Corporation positively impact the service field, it is important to understand the historic tradition upon which we are building and the current status of the service movement.

A. BRIEF HISTORY OF SERVICE

1. Early years of National Service:

This landmark legislation builds on a service movement rooted in our nation's history and revitalized in recent years. In 1910 William James, the noted American philosopher, offered a portrait of civilian national service in his essay, "The Moral Equivalent of War." James envisioned an army of youth drafted to serve the public good, ignited by civic passion, and transformed into adults with "healthier sympathies and soberer ideas." President Franklin Roosevelt's launching of the Civilian Conservation Corps in 1933 was the first large-scale attempt to turn James's vision into a reality. Through his popular program, which ended in 1942, four million corps members reforested 2 million acres of land, built 114,000 roads and 44,000 bridges, and erected 3,500 fire towers.

After World War II, the GI bill enabled over 20 million veterans to go to college -- the educational assistance was earned through service to the nation. In 1961 President John Kennedy established the Peace Corps, which continues to send thousands of young Americans into volunteer service for developing nations. In 1964 President Lyndon Johnson established the Peace Corps' domestic equivalent, Volunteers in Service to America (VISTA). Currently run by the federal agency of ACTION, VISTA enlists 3,500 volunteers annually in addressing the needs of low-income communities. ACTION also runs Older American programs.

2. Campus-based programs:

On college campuses, student-led community service programming rose dramatically in the 80s. Two organizations: Campus Compact and the Campus Outreach Opportunities League (COOL) led the systematic expansion of campus-based programs by organizing college presidents and students, respectively. Moreover, public and private k-12 schools began launching their own community service programs, and non-profits such as the Constitutional Rights Foundation and the National Youth Leadership Council have given support and momentum to efforts to integrate service and the school curriculum.

3. Legislative efforts in the 70s and 80s:

Legislative efforts in the 70s and 80s kept service on the national policy agenda, as federal spending on programs began to drop sharply. Meanwhile advocates of national service began to build a grass roots movement outside of the federal government, focused on youth and supported by major foundations. Governors, legislatures, and local citizens' groups in a number of states developed successful models of urban youth corps. In 1985 these corps formed the National Association of Service and Conservation Corps, whose network today includes over 75 youth corps.

In 1985 Youth Service America (YSA) was formed in order to coordinate the various "streams" of youth service and to define a national policy agenda. YSA helped persuade President Bush to establish the White House Office of National Service in 1988 and the Points of Light Foundation in 1990. The synergy between the grass roots youth service

movement and the legislative efforts led first by the Democratic Leadership Council and then by Senator Edward Kennedy culminated in the strong bi-partisan passage of the National and Community Service Act in 1990. This legislation, implemented by the Commission on National and Community Service, has encouraged local and state initiative and entrepreneurial leadership by providing grants on a competitive basis to a decentralized system of diverse programs.

B. CURRENT STATUS OF SERVICE FIELD

Renewed support for national and community service has brought new attention to developing opportunities for people of all ages, especially youth, to serve their country. Already, more than 94 million Americans now volunteer on a regular basis and it is estimated that over 3.5 million could be used productively in addressing the nation's critical social needs, without displacing existing workers or duplicating their efforts.

1. Youth Corps:

Currently, corps programs account for the vast majority of full-time, year-round service opportunities for youth, many of whom are at risk or come from a disadvantaged background. In 1991, 15,000 young people (ages 16 to 26) took part in more than 60 full-time youth corps run locally or by states. Women are underrepresented in the majority of corps. Moreover, the corps are unevenly distributed with respect to geography and need. Nearly half the states do not have any corps, and existing programs operate on tight budgets. Funding and attrition are chronic problems. There is still a great need to expand the number of opportunities for youth to serve in corps and to provide adequate support for service learning, high quality assignments, preparation for post-service life, and staff development.

2. Individual Placement:

In addition to corps, individual placement programs account for another 15,000 full or part-time service positions meeting critical educational, environmental, public safety and health and human needs. Federally operated programs include VISTA, Peace Corps, and professional programs such as the National Health Services Corps. Examples of non-federal programs include Teach for America, the Jesuit Volunteer Corps, and the Bonner Scholars program.

3. "Pure Voluntarism":

Adults are also serving their country part time in a significant capacity. Today over 51.1% of American adults volunteer an average of 4.2 hours per week, or 20.5 billion hours per year in aggregate, through non-profit organizations and associations. Voluntary financial contributions to these same organizations now exceeds \$101.8 billion a year.

4. Campus-Based:

Many service advocates today recognize that, in order to weave service into the fabric of American life, we must weave service into the fabric of American institutions. And perhaps no institution is more central to our communities than our schools. In many k-12 schools across the nation, service has become an integral part of the curriculum -- not just the civics curriculum but also English, Science and Art. Some states, such as Maryland have made community service a mandatory requirement for graduation. Partnerships between schools and community-based organizations have provided students at all grade levels with meaningful opportunities to tackle real problems in their communities.

In higher education institutions, the sheer scale of youth service movement is remarkable. Thousands of students are creating, implementing, and participating in tutoring and mentoring programs, literacy projects, food banks and health awareness campaigns. Religious groups, ethnic centers, fraternities and sororities, and other student organizations are renewing and expanding their service missions, and colleges of every type have established community service centers to coordinate campus-based volunteer activities. Moreover, hundreds of committed faculty members are making important and innovative advances in integrating service with academic study. These efforts have made students increasingly see themselves as responsible members of a community larger than a university.

III. The Corporation and Concept:

A. MISSION STATEMENT:

The Corporation for National and Community Service will engage Americans of all ages and backgrounds in community-based service. This service will address the nation's educational, human, public safety, and environmental needs to achieve meaningful results. In doing so, the Corporation will foster civic responsibility, strengthen the cords that bind us together as a people, and provide educational opportunity for those who make a substantial commitment to service.

B. STRATEGIC GOALS:

What the New Corporation hopes to add to the Service Movement:

Our strategic goals for the new Corporation fall into three categories: (1) enhancing quantity and quality public service to the nation (2) providing benefits to participants who serve, and (3) developing an effective but lean and efficient corporate structure that best allows us to accomplish our mission.

1. Enhance quantity and quality of public service to the Nation:

- a. Develop a national infrastructure to give service a national identity.
- b. Provide the service movement with strong support and leadership from the highest levels of our government.
- c. Foster strategic partnerships among service organizations to achieve quality, promote innovation and assure sustainability of worthy programs.
- d. Provide service organizations with technical assistance, training and referrals in order to help transfer knowledge, replicate model programs and bring newcomers into the movement.
- e. Mobilize Americans of every background to join in service to our communities and country. Bring Americans together by uniting citizens of every race, religion and age in an effort to rebuild our communities.
- f. Serve unmet needs in education, human needs, environment and public safety.

2. Provide benefits to participants:

- a. Help students pay for post secondary education.
- b. Educate Americans on citizenship -- create among those who serve the sense of civic responsibility that democracy requires.

c. Encourage young people to become responsible leaders by working to meet needs in their communities and their country.

d. Provide youth with new skills and a valuable work experience in an increasingly competitive job market.

3. Develop an effective but lean and efficient corporate structure:

a. Embody the principles of "reinventing government." Be a model program with respect to employee empowerment, efficient operations and leanness of structure, and customer service focus.

b. Create incentives for excellence through market-like competition, challenging performance goals and evaluation requirements, and flexibility in implementation.

c. Grow at an appropriate pace that respects the limits of the budget, the capacity to manage the programs in the field, and the success of the program in meeting its objectives.

C. CORPORATE CONCEPT

The President's conception for national service, as authorized under bi-partisan Congressional support, is reflected in the National and Community Service Trust Act of 1993. The Act calls for the Establishment of a Corporation for National and Community Service. The strategic goals and mission statement reflect the President's initial vision of the Act.

As mentioned in goals, the National service programs must address unmet educational, environmental, human, or public safety needs. The Corporation together with the Administration will establish priorities among the needs that must be addressed. In order to establish the priorities for the four issue areas the Corporation has four working groups comprised of experts in each field who are drafting sample lists of priorities.

In order to reduce bureaucracy and in the spirit of reinventing government the Corporation will combine the operating structures of ACTION and the Commission on National and Community Service to form the basis of the new Corporation. These two entities provide the Corporation with a strong foundation in the service world upon which it can build. Building on the successes of ACTION, CNCS, and a host of other local, state, and national organizations dedicated to service, the new Corporation will turn an inspiring vision of national service into a long-awaited reality. The Corporation's "products" are the programs that we support. Like most corporations we have several different products that we offer (1) Americorps -- \$275 million (2) VISTA program -- \$61.6 million (3) National Senior Volunteer Corps -- \$170 million (4) Serve America programs --- \$40 million (5) Civilian Community Corps --\$30 million (6) Points of Light -- \$5 million.

1. Program Mix:

In the first year we intend to have as many as 20,000 Americorps participants, 1000 CCC participants and _____ ACTION participants out in service to their country.. Of the grants that we give out approximately ____ % will be planning grants, ____ % will be grants for programs that are fully operational. In order to minimize risk, the Corporation will want to give about ____ of money to well known programs with strong operating history, but the

Corporation also needs to take risks and invest not so well known programs that have not yet proved themselves.. We all need to recognize that there will be some failures. Without ever taking the chance of investing in something new, the Corporation will not have fulfilled its goal of encouraging and supporting the creation of new service organizations.

As a Corporation we want to embody the Administration's reinventing government concepts (REGO) and work to be very lean and customer-driven. We feel that the best way to serve our "customers" most effectively is to have much of the responsibility for administering and choosing programs at the local level.

2. All non-Americorps programs:

It will be an extremely important function of the Corporation to give all of the existing ACTION programs and the new CCC programs and others the support, attention and recognition they need and deserve as a integral part of the service of the new organization. We have hired strong ACTION and CCC directors to work on enhancing those programs and making sure that they have a smooth transition into the corporation.

***** Going forward we need to make sure we are focused in all areas.**

We need to study and integrate all the Companies products so that they each have a strategy to be successful. A full business plan needs to be created that incorporates all of the products. To date, the main focus of planning has been on Americorps and to some extent the ACTION programs (VISTA and Older Americans). In order to finish our job we need to have strategy for how we support and market all our products. The rest of the **program piece of the report** will focus mostly on Americorps because that is the information we have .

IV. "Americorps Product"

A. AMERICORPS PROGRAMS:

The Americorps program is a new program that will offer educational awards to Americans who make a substantial commitment to service. Participants will be 17 years or older and must have high school degrees or agree to achieve their GED. In return for a full-time year of service (1700 hours) the participants will receive educational awards of \$4,725. An individual may serve up to two terms and earn up to two educational awards. The Corporation has the authority to develop provisions to offer smaller awards for shorter periods of service and will accept part-time service for those who can only work part-time. The educational awards must be used to pay tuition or repay loans for higher education or training.

Payments will be made directly to qualified post-secondary educational institutions, including two- and four-year colleges, training programs, and graduate or professional programs. For students with outstanding loans, awards will be paid directly to lenders. Awards must be used within seven years of completion of a term of service. Programs may provide stipends no less than the amount received by VISTA volunteers and no greater than twice that amount. Federal support will be limited to 85% of that amount (with the remainder provided from other sources). In a limited number of areas of great need, such as teaching and public safety in underserved areas, professional corps participants may be paid a salary in excess of the guidelines and receive the educational award. But they will receive no federal support for the stipend.

All participants without access to health insurance will receive health coverage. Americorps will pay up to 85% of the cost of a basic benefits package. Participants who need childcare in order to participate will receive child care.

B. ELIGIBLE PROGRAMS:

Programs eligible for national service funding include diverse community corps, specialized service programs focusing on a specific community needs, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, professional corps, youth build programs, safe school programs, programs for rural communities, programs to fight hunger, and current national service demonstration programs.

The programs can be run by non-profit organizations, institutions of higher education, local governments, school districts, states or federal agencies. Programs cannot provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or use program assistance for religious activities.

C. STATE STRUCTURE:

1. State Commissions:

The Corporation is setting up a strong state commission infrastructure to administer programs at the local level. Setting up quality state commissions capable of communicating well and working closely with the Corporation will be fundamental to our success. We

want a strong focus on customer service, and we feel that states will know better than we what their customers needs are and which service programs they should fund. As a result, two thirds of the \$300 million appropriated to "Americorps, will actually be given out at the state level; one-third of funds according to a population-based formula and one-third on an inter-state competitive basis. (In terms of allocation of funds, State Commissions must allocate at least 60% of their funds to non-state entities.)

The last third will be given out at a national level and mostly to programs that are national in scope. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state, professional corps, and innovative national service programs. In cases of programs with comparable quality, there is a general priority for non-profit organizations. States may also receive certain of these funds.

In the next few months the Corporation will be in constant contact with and working closely beside Governors, State ACTION Directors and state lead agencies to provide the information and resources needed to get quality commissions established as soon as possible.

In order to receive a grant, each state must establish a commission on national service or receive approval for a comparable entity. With the approval of the Corporation, states may utilize alternative administrative entities, as long as they involve diverse participation in policy making. The Corporation will provide funding for the state commission on a sliding matching scale, declining from 85% in one year to no more than 50% in year 4. The Corporation will provide to state commissions not less than \$125,000 in the first year, and not less than \$175,000 in subsequent years. The Corporation will provide to the state commissions not more than \$750,000.

The state commission will be responsible for preparing a three-year national service plan; selecting Americorps programs and preparing applications; recommending VISTA and Older American Programs; providing technical assistance; assisting in the provision of health care and child care; administering Americorps and developing projects, training methods and curriculum materials.

State commissions will have 15 to 25 members appointed by the Governors on a bi-partisan basis. There must be at least one individual with expertise in training youth, one individual with experience promoting volunteerism among older adults, one representative of a community-based agency, the head of the state educational agency, a representative of local governments, a representative of local labor organizations, a representative of business, a youth and a representative of a national service program. A representative of the Corporation will sit on each commission as an ex-officio, non-voting member (unless the state chooses otherwise) and act as liaison between commission and the Corporation.

2. Interaction with ACTION State Offices:

ACTION state offices have been very involved in the planning of the new Corporation and will need to coordinate closely with the new state commissions as they together meet the service needs of the community. ACTION State Program Directors will serve as the Interim Corporation Representatives to the state commissions. The interim representatives would serve in this capacity in addition to their ongoing duties as state directors. As the Corporation absorbs the ACTION programs, management will determine the best way to run these joint state operations in order to provide the most effective and lean operational structure.

D. RECRUITING AND SELECTION OF PARTICIPANTS

Participants will be recruited and selected on a non-discriminatory basis and without regard to political affiliation by local programs designated by states or the federal government. National and state recruitment systems will help individuals locate placements in programs. Information about available positions will be widely disseminated through high schools, colleges and other placement offices. Recruitment efforts must pay special attention to the needs of disadvantaged youths. A special leadership corps may be recruited, trained and placed to assist in the development of new national service programs.

V. Total Quality Management through Program support

Our "product" is the programs that we fund and the *quality* of the work that the youth who participate in the programs complete. As a result, the quality of the Corporation depends upon (A) our selection of the programs, (B) our support of those programs in the form of technical assistance and training, and (C) our evaluation and monitoring of those programs to make sure that they are accomplishing their goals.

A. SELECTION OF PROGRAMS:

Selection criteria of programs includes quality (based on criteria developed in consultation with experts in the field), innovation, sustainability, and replicability of programs. Past experience and management skills of program leadership, extent of building on existing programs, and recruitment from communities served and their involvement in program design, leadership and operation will also be taken into account.

Programs serving communities of greatest need will receive special priority. These include communities designated as economically disadvantaged, environmentally distressed, adversely affected by reductions in defense spending, adversely affected by land management practices, or areas of high unemployment. Fifty percent of assistance should be distributed to these areas, with a priority for recruitment from such areas.

1. Process for picking quality programs:

The Corporation should establish and communicate clearly very specific requirements, preferences and criteria in the request for proposal, grant selection and negotiation processes. Requirements for grants should be dictated by the Corporation's mission, desired outcomes, and recommendations from the priority area working groups. The Corporation needs to set guidelines before the grant selection and negotiating process, rather than after funding has gone through. If we try to put some of same constraints on them after the funding, it will be seen more as infringing on local autonomy.

The Corporation will, after making the initial cut of finalists to receive funding, conduct site visits to the programs to discuss their implementation plans and to see their programs first hand. After the finalists have been chosen, the Corporation will require a letter of understanding signed by the grantee program stating all agreements reached in negotiation -- related to outcomes, funding and monitoring strategies to place accountability at the local level in individuals whose reputations are at stake.

The Corporation will also establish protocols and enforce mechanisms to shut off funding for programs that fail to comply with requirements. This will send a very clear message to all grantees that we will not continue to fund programs that do not meet requirements.

2. Grants-making Process:

There are two ways to evaluate the success or failure of a grants-making organization's ability to make grants. One is to judge the value of the grant in accomplishing the mission

of the agency. The other is to evaluate the timeliness and accuracy with which the organization processes and administers its grants. Both of these measures demand trained staff and well-developed procedures. It is possible to benchmark the administrative side, but more difficult to benchmark the grant outcome. The Corporation should prefer proposals for three-year operating grants as well as for grant renewals. Three year grants are more cost-effective both for the Corporation and for the applicants, eliminating unnecessary duplication of effort. (Funding should be contingent on the Corporation's receiving its full appropriation and a program achieving its agreed upon benchmark.)

B. TECHNICAL ASSISTANCE AND TRAINING:

Pushing responsibility down to the local level means establishing an excellent technical assistance and training capability and spending the time and money required to make sure the Corporation and the states have the skills they need to carry out the Corporation's mission.

The Corporation will offer and support TA and training as part of the infrastructure needed to support the high quality national service programs. TA/training will help states and programs realize the President's vision and goals for national service by building the capacity of states and programs; increasing the skills of individuals; increasing the knowledge and information they have to work with; and giving them access to critical resources.

Initially the Corporation will have a nationally-driven model for TA/training, where most of the training is coordinated at the national level. For the first year this is the approach that will best ensure that we have sufficient training available and avoids the risk of depending on newly formed commissions. Over time the responsibility for training should be pushed down to the state and program level. As state commissions get rooted and as the program grows in size they will be in a much better position to lead the training effort.

As we transfer more power down to the local level, the Corporation still needs to keep an oversight role. That function will also continue with the training at the state level.

1. Key needs of TA/training users:

Two critical universal needs that TA/training can help meet, though not satisfy alone: (1) help states and programs understand the Corporation's definition of national service, and vision and goals for it; (2) develop leaders in a variety of roles in the service field. The most important specific needs are:

Participants: most need training in understanding national service, personally and as a national movement; developing hands-on, work-related skills; managing diversity; and building skills to take specific leadership roles.

Front-line supervisors: most need training/TA in the supervision and development of young people; service project development and task management; community relations and partnering; and enabling service learning.

Program leaders: most need training in program design and development; building community partnerships; building the organization -- mission, culture and team; fundraising; getting innovative ideas and best practices information from the field.

State commission members and staff: most need training in understanding the Act; creating good RFPs; creating and conducting strong selection processes; forming state commissions or alternative entities -- effective structure and board member development; resolving technical/legal issues; doing evaluation of programs; setting up state training mechanisms. They also need strategic planning guidance to set up three year plans.

Community Partners: most need training in understanding service programs; how to support a service project and how to facilitate service learning.

2. Clear principles of TA/training

1. The users (programs and states) need to be highly involved in shaping the TA and training. Their participation will maximize the value, cost effectiveness, and quality of assistance.
2. It is essential that we build the capacity of states and programs to become self sufficient over time. Use a "train the trainer" approach, and spread skills and knowledge to unleash the experience of the field. Developing people as trainers and resources creates a ripple effect that makes good assistance available in a cost effective way.
3. Technical assistance and training is most effective when it takes place within an ongoing relationship of trust, shared goals, and shared responsibility. Assistance users need to work with familiar faces.
4. We need to build on existing resources and infrastructure. Set up the Corporation's model to use expertise in the field, to extend the reach of our assistance and respond to the huge variety of training needs.
5. After the first year, the reinvented federal role should be to catalyze the field and help working partnerships form. Set high standards, make resources available, spread information on quality of training received, and be the deliverer of a small portion of training.

C. MONITORING & EVALUATION

Similar to total quality management programs in corporations, it is paramount that we ensure the quality of our programs and have established an adequate system for gathering information on them, evaluating them and assisting those that need help. Collection of good customer information about the program will be essential for the Corporation so that we can make sure that the customer is being served well. This will be a major function of the Inspector General's office -- who will work in conjunction with program support to make sure that our grantees have the resources they need to be successful.

We need to ensure the people who receive the service -- participants, program grantees, the states and Corporation employees -- all have a mechanism and incentive for giving the Corporation input on how it can serve the community better.

Our collection of information should include; (1) detailed and confidential information used by program staff continually to increase participant satisfaction and program results, implementation and operation; (2) data for state and federal funding authorities to confirm program implementation and assess performance against negotiated standards and benchmarks; (3) detailed participant and program data from limited samples collected over a prescribed period of time to evaluate program design and policy.

1. Suggestions for gathering needed information.

Role of Sophisticated Information Technology

The most fundamentally important element in information exchange in modern corporations is the use of electronic telecommunication. This capability in public sector organizations is traditionally ten years behind the private sector. Private non-governmental organizations are increasingly making wide use of Internet to exchange information worldwide. This issue will be discussed in greater length later in the section ___ on internal communication.

800 number:

There should be a hot line 800# given to participants to call and (1) get question's answered (2) express ideas for how the Corporation could serve customers more effectively (3) provide a confidential means for participants to report questionable practices to Inspector General.

Participant Survey:

Have participants fill out a questionnaire before they start service and after they have completed their service to (1) tell us what they hoped to get out of their experience, (2) what they feel they got out of their experience and (3) how we could serve them better and (4) any other feedback or suggestions that they might have etc.

System to assess technical training and assistance:

Set up a system for programs to assess training and technical assistance to demonstrate our responsiveness to local needs and to determine what true needs are.

Program survey:

Conduct a survey of the programs that is published every year and that reflects the *participants* rating of programs (e.g. Zaggat Guide).

Program & participant awards:

Have yearly awards for the programs that have done the best job achieving their goals and the goals of the Corporation. Reward for accomplishments related to the participant (e.g. 50% achieve GED; 50% remain for second term etc.). Also give out awards to recognize participants' accomplishments.

Community poll of high density service areas:

Conduct poll (Harris, Gallup) with community residents in high density program areas to determine communities view of and understanding of national service.

Impact studies:

Conduct a study to measure impact of each program type or target populations at the end of a specified period.

Investigative reporting:

Conduct investigative reports (Peace Corps and Summer of Service) to learn how a program works day to day, how community residents, participants and staff assess it and their needs and use the information for program improvement.

VI. Customer and Competitor analysis:

A. CUSTOMERS BOTH EXTERNAL AND INTERNAL:

Fundamental to the success of the Corporation is defining who our customer is and reaching consensus on how are we going to serve them best and then structuring the Corporation and its policies to meet our customers' needs. We have to structure the Corporation from the customer up, not from the top down. **The two most important levels of feedback in this whole Corporation are from the people we are serving and from the participants who are providing the service. They must have a strong voice in order for us to understand how to best serve them.**

1. People we Serve:

We have several customers in the Corporation -- but the bottom-line customer is the recipient of our program services. The recipients have to be the primary focal point. We must constantly ask if are we are making a difference in the lives of people who are directly receiving our services. **As President Clinton said at the Bill signing, "remember that it is at the grass roots, in the heart of every citizen that we will succeed or fail."** James Belasco, Management Consultant and REGO expert, says we need always to be telling ourselves that **"what is important to people in the community -- has to be as important to us as it is to them."** Organizing truly around the ethic of customer service will drive priorities for the Corporation, the personnel system, the information flow within the Corporation.

2. Participants:

The other crucial customer is the participant. They should be viewed as an inside customer -- really as an employee. The participant must have a say in what happens in the Corporation -- they are they closest contact point to people in the community that we are serving. We need to recruit them, and then give them opportunity, responsibility, and training the likes of which they would get in few other places. **The first work experience for these young people should be in a new organization which fosters excellence in its employees and embodies excellence in its management.** The participants are our best advertisements. If they have a good experience, they will spread the word faster than any media campaign. **The Peace Corps was successful because they did listen to needs of participants and tried to match skills of participants with projects on which they would be working -- we can take that one step further and not just match skills, but make them a part of the decision-making process.** We will treat them like employees, give them not only service experience but training and a partnership with an organization of which they can be proud. **As the President said in his speech "if we challenge people to serve and we give them a chance to fulfil their abilities, more and more we will understand that we must go forward together."**

3. Programs and State Offices:

The other groups of internal customers, whose needs we must meet, are programs and state commissions and state ACTION offices. We should view all of these internal customers as employees of the Corporation. In the private sector these are almost like the franchisees because of their autonomy and partially independent funding.

Communication of Corporation principles and customer service ethic is not something just for headquarters -- it must be instilled throughout the Corporation so that, for example, a participant mentoring in Harlem understands about the customer service principles and lives by them. In order for us to do this we need an information flow that goes up through the organization. (Discussed in internal communications section.)

B. COMPETITION

There is always competition for scarce resources. Even though the Corporation is an umbrella organization that will give service a national identity, we will have to be aware of the fact that we will have competition for both people and for funds and therefore it is critical that we create the best programs possible or we will not compete successfully for either.

1. Competition for People

While we do not ever want to view other job opportunities as true competition, we need to make national service an appealing opportunity. We need to market to participants, keeping in mind their other options. With that fact in mind we need to make sure that we have clearly distinguished ourselves as an organization. In our recruiting we need to explain that national service (1) provides a rewarding and useful service to country and community (2) provides a training ground for future work in both public and private sector. We need to think clearly about this message and make sure that it is a central point in our marketing material.

2. Competition for Funds:

Our need to get funding from (1) the Congress, and (2) the American people (private sector contributions) will keep the competitive spirit alive. We need to prove to the Congress, foundations and Corporations that among all of the competing options they have to fund, we are deemed worthy. We will have a challenge in raising private sector funds because many corporations get set in their giving patterns and will not change unless they have a very powerful reason to do so. We need to have a way to distinguish ourselves very clearly and show in our marketing material and pitches exactly what we are asking the private sector to do and what their money will be used for.

VII. Stakeholders in corporation:

Beyond the "direct customers" mentioned above -- this corporation really serves all of America. The main stakeholder groups to whom we will need to give particular attention and "outreach" include those listed below. In order to make our program successful, we are going to have to communicate clearly and frequently with each of our stakeholders.

-People who receive our services:

We will know from their feedback if we are doing a good job or not.

-Program Participants:

This is one of the most important groups to be in close contact with, (1) to let them know about opportunities and (2) to get feedback from them on how we can serve them better and how we can enhance service options.

-Service Organizations:

We need to be in contact with programs that we are funding and in contact with programs that we may consider funding in the future.

-Governors:

Governors are instrumental in the set up and successful working of our whole state structure.

-The White House and U.S. Congress:

The White House and Congress are our investors and we need to keep our investors informed of our activities and excited about what we are doing so that they can help us sell our program not only to the American people, but also to Congress during next appropriation cycle.

-The Private Sector:

The private sector is essential to program survivability because it will provide the bulk of the required matching funds. (More section IX)

- Military:

The military, particularly with the reinvigoration of the CCC, has been and will continue to be a strong part of the service movement. Now, particularly with the downsizing in the military, there will be great chances for the military structure to facilitate and lead community service projects.

-Religious groups:

Churches currently have one of the most extensive networks of service across the country and they also serve as a center of community building. Tapping into this network would be very valuable for the Corporation.

-Universities

Universities are also a central coordinator for participants, for organizing programs and for training participants. We will need to continue to support campus based programs and be involved with recruiting offices at the schools to let students know about National service programs.

- Media:

The outreach to this group needs to include a well designed communications plan developed by communication's director.

Someone within the Corporation should be responsible for direct communication with each one of these groups and making sure that we attend the appropriate meetings, speaking engagements and forums to tie them into supporting, running and participating in our programs. They are all important in supporting our efforts and helping us create a national identity for "Americorps" and existing ACTION programs. We need to have a clear plan that ties in with the media and promotional strategy to reach the Corporation's key constituencies. We also need to designate several other people within the Corporation who will agree to speak at meetings that are not the highest level meeting that Eli will address -- so that the Corporation can have a presence at major events.

VIII. Marketing and Communications Plan:

A. TARGET MARKETS:

Each of our products will have slightly different target markets and it is important that we understand those markets and who would be inclined to participate in one versus the other. If we find that our products are not distinguishable from each other (they should be combined and marketed jointly).

Americorps: For Americorps the majority of our target marketing and outreach in the initial months will be directed toward (1) participants in the program (while the whole country is important to the service movement and the mission of the corporation affects all people, our biggest target market for our new "Americorps" programs are youth in the age range from 17 to 25) (2) the programs we fund, and (3) the Governors and their staffs who will be essential in getting state commissions established.

CCC -- Military and youth

VISTA - Similar to Americorps -- need to determine if there are any real differences

OAVP - Older Americans

etc.

B. MARKETING MATERIAL:

In order to communicate effectively with these many diverse groups it will require a number of different types of marketing materials including a corporate brochure, an annual report, newsletters, a business plan, specific fundraising materials, videos, direct mail etc. Each product "class of program will need tailored marketing material and need to decide which medium makes sense to reach each target market.

We also need an overall strategy to gain **national identity** and recognition for the Corporation as a whole which will help market to all of these groups and make us a household name with the general public.

C. MEDIA AND ADVERTISING

We need to conduct a media and advertising campaign to (1) attract participants and (2) to make the Corporation for National & Community Service and their products household names.

1. Media:

After the Bill signing, the media will no longer be coming to us for the story. We will have to, in most cases, pursue them actively and use them to help us create a national identity and vision for the Corporation. We need to try to saturate local and regional press at regular intervals to focus public attention on the federal role in popular local programs. The Summer of Service demonstrated that it's easiest to get extensive and favorable coverage in local markets, even if the news is only the awarding of federal grants. We should regularize these announcement promotions, and develop a surrogate site-visit program (Corporation officials, Cabinet Secretaries, other Administration spokes-people, celebrities and others) to

provide news hooks for follow-on stories in each market. Each of these stories should be used to drive up the positive identification of the "Americorps" name and logo -- and most importantly, recognition of the President's leadership in national and local efforts.

2. Important messages include:

- Measurable results that help solve important and clearly-identified national problems; locally-guided programs;
- Demonstrable cost-effectiveness;
- Enhanced college access for a substantial number of Americans;
- Lack of waste (real work not make-work) and corruption (including political patronage);
- Lean corporate headquarters (lack of bureaucracy)
- Racial, economic, geographic and educational diversity of participants
- Example of reinventing government.
- Meeting unmet needs and not taking existing jobs.

3. Messages we need to counteract:

The perception that our program is small.

We will need to counteract the impression that has shown up in many of the stories to date: that we are a "watered down," much smaller version of the program the President intended. We need to focus them on the fact that we are starting with a program larger than the Peace Corps ever was at its height, and we need to turn the focus to quality of results, not arithmetic.

The perception that the Corporation will only provide an opportunity for youth to serve.

It is important that we not forget that the service movement is for all of America not just the youth and that we do not send out a message that the Corporation will only accept young participants. We need to recognize programs currently run by ACTION, particularly all the good work being done by Older American programs. They need to feel as if they are an integral part of the work of the Corporation -- we need to give them support and media hits.

Perception the "Americorps" is the name for the whole Corporation.

Many people with whom I have spoken both inside our Corporation and out are confused about what "Americorps" stands for. There will be some disappointment when everyone realizes that it is just the new program. We have to think of what to call the Corporation because the name is too long and people will not use it -- we could go with CNCS but that is the old commission symbol. *** Needs to be addressed.

4. Interaction with the press can include:

- Regularly pitching stories to press that serve our target constituencies
- Setting up meetings with targeted journalists
- Sending out a source letter and Rolodex card to give reporters name of a contact when they have a story on service, the environment, health care etc
- Writing and placing Op-ed/byline articles
- Conducting a survey of service participants and using information to create news story
- publicizing events (e.g. awards for participants)

5. Advertising/Promotion:

Initially, a key to our success will be to gain fast name recognition and familiarity with the American public. This will require an extensive promotion campaign. It should be done aggressively and on a wide scale. **The focus of our recruiting and advertising needs to be aimed at participants.** We will need outside to develop the advertising. We also need to decide what other visuals are going to help us promote "Americorps," posters, videos etc.. There will be many groups that would like to take us on as pro bono assignments -- we should take advantage of asking for that kind of assistance!

D. OTHER SUGGESTIONS FOR GAINING NATIONAL IDENTITY FOR THE CORPORATION:

Decide on logo for the Corporation:

We need to decide on a very recognizable logo that we put on everything. The logo needs to represent our mission statement and when people see it, they should identify it with the Corporation. (To date we have been talking about a logo for "Americorps" the whole Corporation needs a logo.)

Visual recognition/ Uniforms for participants:

Providing a uniform of some type helps visually to tie a group together and make them easy to recognize. The military is a good example. Their uniforms are a symbol of pride and when you see a marine anywhere in the country you know he/ she is a marine. The Corporation will provide uniforms or at least patches and caps. (Uniform to be decided).

Mandate a common service:

Mandate that everyone involved with a program and everyone on Corporation staff must mentor someone in their community -- some common activity that the whole Corporation and service participants have in common.

Establish a few high profile national corps:

Our national identity would be heightened if we created a few high profile corps that operate across the country. Rick has suggested creating an interagency disaster relief swat team (Rapid Relief Response Corps) managed through an interagency cooperative agreement among FEMA, the departments of Agriculture, Interior, Justice, AID, a variety of public health agencies, and non-profits like the Red Cross.

More controversial, but very much in need, are a teacher corps and a police corps. We may be able to handle the teacher corps more easily, with the combination of support from Teach for America and a coordinated literacy effort (enhancing the VISTA Literacy Corps). With the police corps we first need to determine if cities' problems lie in attracting police cadet applicants (where our incentives would help) or in paying the salaries of new recruits (where our program is far less helpful and displacement and substitution issues far more troublesome.) We should find some medium sized city (maybe San Diego, since Rana will be there and her fiancé is the Police Chief) to arrange a demonstration project to develop an effective model for the Police Corps.

Sell national service t-shirts, hats other items:

Sell items with the Corporation's logo and slogan (e.g. "building community together") to individuals, private sector sponsors etc.

Integrate participants, business supporters and others associates with our efforts, into White House activities.

Where ever the President travels, national service volunteers should greet him at the airport; should accompany him on jogs; and should host him at their projects. These items could become second nature for the scheduling office. Those who have shown special innovation and success should be recognized in White House events, and the leaders of the business support groups established to help local programs meet their matching requirements should be included in the CEO lunches and briefings, on a rotating basis.

Co-opt, don't ignore, purely voluntary efforts.

There will always be more voters involved in independent activities than included in Americorps. The essence of electoral politics is not to divide us and them in a way that there are more of them. We need to continue to work with the seasons of service notion, including maintaining a supportive relationship with Points of Light. Additionally program applications should be given preference where they demonstrate a leveraging of Americorps members with non-stipended servers of varying ages. We need to get feedback on how effective the SOS programs were that used mixed groups.

Develop a very broad-based Presidential recognition of voluntary activities.

Have high profile award ceremonies for both exemplary programs and participants within those programs.

Have a national data-base and require each program to use it.

Locally based recruiting is necessary, but we also need to have the ability to point to the involvement of participants who will know that they "got their job" from the President (through the Corporation). This worked far better during SOS than anyone expected. For the future, we could encourage individuals to write the Corporation; then establish a computerized data bank of interested participants, and then make printouts (zip code sorts) available to programs. We should consider arranging an 800 number which provides the name address and phone number of the programs (sorted by zip codes and by issue areas) to interested participants.

IX. Private Sector Liaison and Fundraising:

The National and Community Service Trust Act of 1993 requires that certain elements of the federal funding support for national service programs be matched by funds and/or in-kind donations from other sources. The Act also specifically empowers the New Corporation to accept private funds, which will be treated as tax-free donation. Various other provisions of the Act encourage private sector involvement in national service consistent with reinventing government themes of pooled public/private resources to leverage tax-payer dollars.

A. REASONS PRIVATE SECTOR IS SO IMPORTANT:

1. **They help us meet the financial match** required in the legislation and hopefully they will also help us exceed that required match for funds or in-kind donations, giving the Corporation all of the financial flexibility that it needs. Required match includes (1) 15% of the stipend up to the minimum wage in cash and 100% of the stipend above minimum wage, (2) 15% of basic health care policy (3) 25 % of other program costs, including administration, which may be in-kind and include other federal funds. The Act also specifically empowers the new Corporation to accept private funds, which will be treated as tax-free donation.
2. **They could be influential spokespeople**, particularly for symbolizing strong bi-partisan support, when we go back to Congress for new appropriations.
3. **They can help advise on the on the transition** of ACTION and CNCS into the Corporation and the implementation of reinventing government ideas within the Corporation.
4. Our interaction with them can help not only **build goodwill between the business community and the corporation**, but also between the business community and the Administration.

Because of their importance in accomplishing our mission we intend to have a very strong Corporate representative on the board and we also will have a Private Sector Council that will give direction and assistance to business support efforts at the local level. Businesses involvement will primarily be at the local level although there will be a role for Corporations to play at a national level as well.

B. OUTLINE OF PRIVATE SECTOR PLAN:

1. **At the local level businesses can:**
 1. fund local programs that have been approved for national service participants;
 2. encourage, allow release time for, or allow leave with pay for company employees to provide management, training and/or other assistance to local programs;
 3. provide in-kind donations of products needed by local programs;
 4. offer employment opportunities for "graduates" of local programs.
2. **At the National Level a business can:**
 1. fund programs in a given subject area;
 2. contribute to a venture capital fund which would provide seed-capital to start-up innovative national service model programs;

3. encourage and allow employees to work for corporation for a year on paid leave (like our possible arrangement with Xerox.)

3. In order to help local program with their fundraising the Private sector office will:

1. organize regional training sessions on fundraising for local programs and other interested parties;
2. provide a data base and other resources to local programs to identify fundraising opportunities;
3. provide marketing materials (including a video and an annual report in standard business format) about the Corporation and national service, and relating local efforts to the national initiative;
4. organize periodic seminars and briefings by Corporation senior executives for business community leaders (regionally and in major metropolitan areas) to encourage their support of local service programs;
5. provide technical fundraising assistance to local programs having difficulty meeting their matching requirements;
6. create a National Private Sector Council, involving major leaders with national prominence, to give direction, national panache and assistance to local business support efforts;
7. (in conjunction with the Corporation's Office of Communications), undertake a national promotional effort to increase understanding of the community-changing results of national service; inspire individual involvement; and spotlight business participation at the national and local levels.

4. Individual Involvement:

Individuals can:

1. volunteer with local programs;
2. donate (including in-kind donations) to local programs;
3. donate to the Corporation (in-kind to the Corporation, cash to the Trust);
4. purchase licensed products where sales proceeds go to the Corporation;
5. purchase other specialized items, such as a "national service heroes stamp" with a cost one cent above normal amounts and featuring historic and contemporary service leaders.

X. Economics of the Business and the Financial Plan:

A. AMERICORPS IN THE FEDERAL BUDGET PROCESS

1. Fiscal Year 1993 Close-Out Review

The federal fiscal year ends at the end of September. It is customary to close the books with an end-of-year close-out review. This review is used to confirm the program levels, validate the final budget figures of the agency, and evaluate the impact of programming decisions. The close-out review is critical in that the cost factors developed during this review are used in preparing the operating budget for the next fiscal year. Absent a bottom-up formulation process or a simple decision to straight-line office budgets, the use of cost factor analysis can make development of a budget for a new program possible. This process is also important in fiscal year 1993 because it falls at the end of an appropriation period. At the end of fiscal year 1994, because it is the first half of a two-year appropriation period, the role of the close-out will change and it will become far more important. This review takes place 2-4 weeks prior to the end of the fiscal year.

2. Fiscal Year 1993 Reconciliation Review

This review is generally a technical exercise, as no real reprogramming decisions can be made after the end of the fiscal year. This is the final point where the last journal voucher entries are made, and the books are balanced and put away. This review takes place in late October or early November.

3. Fiscal Year 1994 Operating Plan

Operating plans should be completed no later than the end of October. In the operating plan each of the Corporation's administrative areas will complete a budget that reflects their needs in FY 1994. This plan is generally given final approval after the Congressional budget has been passed. In the case of a Continuing Resolution, agencies generally issue budget guidance to their component parts that reflect a straight-line extrapolation of the current year budget until the full-year appropriation is passed.

4. Fiscal Year 1995 President's Budget

At this writing, CNCS and ACTION are preparing budget presentations for the fiscal year 1995 President's budget. The OMB examiner has established a deadline of October 1. The teams are preparing a list of program-related issues that must be addressed by senior Corporation management prior to developing a meaningful financial plan. They have reached consensus on a formulation format and, given substantive guidance on the program, should be able to produce a solid financial plan. We have consulted with Pam Van Wie (OMB examiner) on the budget format and she has expressed her approval of the approach.

B. BACKGROUND IN RESOURCE ALLOCATION

1. Budget Philosophy

The U.S. government and many bureaucratic organizations manage through the budget. This is the easiest way to exercise political control--a simple statement, but filled with implications (and dread) for professionals who depend on federal dollars to keep their

programs alive. The struggle between the need for Congress and the OMB to monitor the resources of the Corporation and the needs of the workers at the customer interface to remain responsive and flexible and even daring is real and constant. Two things work to ameliorate that tension: good training and a shared understanding of and commitment to the mission and priorities of the organization. Work should begin immediately, training program managers on resource allocation and financial staff on the new program innovations underway at the Corporation.

2. Sample Budget Summary Format

A sample executive summary budget format is attached, but only for discussion purposes. Backup documentation will be completed as well and will be structured to make the budget process a continuous feedback loop with audit friendliness built in at the very beginning. The budget document has many users. They include but are not restricted to the board, the CEO, senior managers, the OMB, the Congress, the Inspector General, commercial audit firms, state governments, local NGOs, individual grant managers, the press, and the public at large. By structuring the way that budget information is represented, by deciding what budget information needs to be collected (by whom) and which does not, by agreeing early in the life of the corporation what the resource allocation process looks like, and carefully adjusting the span of control over resource decisions, much of the traditional paralysis and irrational power (and mystique) that surrounds the budget issue can be eliminated.

3. The Budget Process for Program People

The federal budget process is confusing and multi-layered. At this writing, financial managers are working simultaneously on three fiscal years. They are completing execution of the FY 93 budget, preparing for distribution of the FY 94 budget in anticipation of the congressional appropriation, and working on the final parts of the FY 95 Presidents budget for OMB. Program managers who do not understand how the budget process works inside and outside of the Corporation, or do not have an understanding of even basic budget terminology, cede much of their control to the finance staff. The budget process is inexorable and in an information vacuum budget staff will make their best professional estimates about what a program will look like and then move on to the next decision. The catch is that once these decisions are made they take on a life of their own. **Empowerment for program staff means understanding the flow of resources well enough to become successful in the competition within the organization for scarce resources--and today, in the deficit reduction environment, all resources are scarce.**

4. Budget Control

In a reinvented organization budget authority is pushed as far as possible down into the workforce. Day to day resource decisions should be made as close to the customer interface as possible. Multi-layered resource decision review is the very essence of bureaucratic paralysis. Managers at the corporation must be trained to accept the responsibilities that attend control of appropriated money. They must understand what is legal and what is not. They must understand the mechanisms for properly committing the resources of the Corporation. They must understand how their work fits into the core mission and principles of the Corporation. And they should be left free to make serving the American people their first priority, not filling out forms. Vice President Gore's report said it best. **"Our long-term goal is to change the very culture of the federal government. A government that puts people first, puts its employees first, too. It empowers them, freeing them from mind-numbing rules and regulations. It delegates authority and responsibility. And it provides for them a clear sense of mission."**

5. Full Time Equivalents (FTEs)

Staffing levels in government are allocated and tracked by staff/years, called FTEs for Full-Time Equivalents. One FTE represents one staff/year of service, generally computed as 2,080 hours. OMB regulates the number of staff years allowed for each agency. In the case of the corporation it is unclear whether FTEs will be part of the budget. Removal of the FTE system is one of the goals of the Vice President's reinvention team.

6. Breakdown of Fixed, Variable and Semi-Variable Costs

The breakdown of fixed, variable and semi-variable costs has been modeled in a simple way by ACTION through their accounting code structure. In a rapid growth environment, having these cost factors to make budget projections will be important. Fixed costs are identifiable through the operations budget, variable costs are tied directly to volunteer levels and semi-variable costs are the program overhead expenses which expand and contract based *indirectly* on the level of volunteers being programmed, placed or evaluated. It will be possible to make thumbnail budget projections by formula. The accounting system should be set up to record directly funded grants in a way that would also facilitate this type of analysis. Reporting requirements will be an integral part of the grants management process.

7. Innovation Fund

A primary reinvention concept is the use of innovation funds to capitalize government organizations. The Vice President's reinvention report stated, "One of the greatest obstacles to innovation in government is the absence of investment capital. The appropriations for most federal agencies last only one year: anything left over at the end of the year disappears. So it's difficult for organizations to scrape together enough money to make even small investments in training, technology, new work processes, or program innovations. We have recommended that agencies be allowed to keep half of any savings they can generate. In addition, we propose a source of innovation funds from which they can borrow. When managers and their employees are allowed to borrow for long-term investments, they have a real incentive to implement creative new ideas." We might be able to tie the Corporation into this if it becomes a reality.

C. CREATION OF FINANCIAL STATEMENTS

1. Source of funds:

Funding for the National Service activities will come from a variety of sources: existing federal program funds, existing locally raised funds, new federal funds, newly raised state and local funds (both matching funds and others), gifts to the Corporation, and interest and proceeds from the operation of the National Service Trust Fund.

Fiscal Year 1993 Federal funds for national service activities, both administered by the Commission for National and Community Service and by ACTION shown in (table V-1). With almost all of these programs, matching requirements on behalf of grant recipients add significantly to the funds available for program activities. In the case of the Older American Programs, matching funds (cash or with in-kind contributions) totalled over \$80 million in FY 1992. Those matching contributions, although they do not appear on Federal Financial statements are very real and will add significantly to the scope of the programs. The

National and Community Service Trust Act contains matching requirements for national service grant recipients. In the future all matching contributions, both cash and in-kind, should be reflected in the corporation's financial statements. Participant contributions are an important indicator of commitment and reflect the efficiencies inherent in the President's vision.

The Corporation is seeking new federal funds at the authorized level in FY 1994. In those instances where authorized amounts are limited only by "such sums as may be necessary" language, the corporation plans to seek modest program amounts. Table V-1 provides the amounts the corporation is seeking in FY 1994. Table V-2 projects Corporation requests, and thereby program growth, through FY 1998. Those amounts reflect the level of authorization, whether through FY 1994 or FY 1996 and an annual program growth of approximately 25% where no specific amount is authorized. Of course, all of the programs of the Corporation are authorized only through FY 1996. Further authorizations, the success of the programs, national needs, and the general budget situation will all affect the amount of the post FY 1996 requests.

Funding amounts that are not explicitly stated on the tables V-1 and V-2 include matching amounts that will be required in grant agreements, and funds raised in the private sector, which are discussed in section VI below. The matching amounts are spelled out in the authorizing legislation and will be tracked in audits of grantee activity.

Interest and proceeds from the operation of the National Service Trust Fund will also be available to make additional National Service educational awards. The Corporation anticipates that amount to track generally with the average return of all government securities. Tables V-1 and V-2 assume only appropriated amounts. Without some experience, it is impossible to predict the number of individuals serving in National Service positions who, for whatever reason (failure to complete service, drug related convictions, etc.) do not draw an educational award. These estimates in this plan assume fully funding all awards. Trust Fund earnings, recuperated funds, or unused funds are not incorporated in our projections of educational awards. After the fund has been in operation for several years, the Corporation will be able to assess and plan for additional educational awards based on that experience.

2. Activity Structure:

The activity structure of the National Service program is largely spelled out in the authorizing legislation, both in the National and Community Service Act and the Domestic Volunteer Service Act. That structure is reflected in the line items on tables V-1 and V-2 and will be reflected in the budget requests for the Corporation.

3. Sensitivity Analysis:

At any appropriation level, the mix of national service program types greatly affects the number of participants possible in FY 1994 at the anticipated appropriation request level given several program mixes. This table reflects only federal funds. Most of the differences in the cost of program types is attributable to the differences in the amount of local funds put into each program type.

4. Program Administration:

ACTION has an extensive field structure and administrative capacity. Making use of that capacity as well as appropriate contract sources will enable the Corporation to undertake these new expand programs with a cap of 50 positions beyond those currently at ACTION. This 50 includes the staff that have been working at the Commission on National and Community Service. Table V-4 shows an object class breakdown of anticipated Corporation expenses in FY 1994. Corporate start-up will require an unusually high expenditure level for other services (contract support for systems development), equipment (to upgrade and expand the antiquated equipment of ACTION), and travel (to get state commissions established and to help organizations prepare for program participation).

As is shown in table V-2, administrative costs of the Corporation will not grow at anything like the rate of program growth. Existing headquarters and field staff will be able, through the grants process, to provide for considerable program growth. Obviously, as the program grows, some costs will increase such as telecommunications and data management, audit, and program oversight. However, it is anticipated that improved technology and judicious use of consultants will allow the Corporation to manage planned program growth at the same employment levels.

XI. Management Team:

Early on the Corporation has two very important management challenges: (1) creating a structure for running a Corporation that will be conducive to instilling principles of REGO (2) completing a successful merger that gives the Corporation a new distinct culture and identity.

The driving question is "**what must we be for our customers -- how can we best understand and serve their needs?**" The following is where I think you are to-date in creating the organizational chart. (See organizational chart attached.) Below is a description of the responsibilities of positions as I heard them described by you:

We need to fill this section out with discription of the management team -- the group mentioned on Friday -- complete with their biographies.

A. CORPORATION'S MANAGEMENT POSITIONS AND THEIR RESPONSIBILITIES:

Chief Executive Officer

- Oversee all Corporate operations both day to day and strategic.
- Interact with senior Administration officials to keep them appraised of Corporation activities.
- Oversee creation of annual report and strategic plan for the corporation.
- Continue to oversee the transition of ACTION and CNCS into the Corporation.
- Work with the Board.

Managing Director:

- Manages strategic planning efforts
- Oversee public outreach, government affairs
- Oversee creation of business plan for Congress
- Oversee the General Counsel's office
- Oversee creation and implementation of the Regulations

Senior Counselor to the Chief Executive

- Acts as chief surrogate for CEO for speaking and media appearances and writing assignments
- Undertakes special assignments from the CEO
- Attends all policy and strategy meetings
- Help coordinate all long-term activities of the Corporation
- Act as principal contact with the Corporation Board and the White House.
- Facilitates the flow of information to and from the CEO and others in Corporation

Chief Financial Officer:

- Reports directly to the CEO regarding financial management matters;
- Works at a strategic level to plan overall growth strategy of the corporation.
- Oversees all administrative staff functions of the Corporation (personnel, facilities & equipment).
- Oversees the creation of all financial reports and administration of the Trust.

- Makes sure that the Corporation complies with all aspect of the CFO Act.
- Oversees all financial management activities relating to the operation of the Corporation
- Develops and maintain any joint financial systems with the Department of Education necessary to carry out the programs of the Corporation;
- Manages and provide policy guidelines and oversight of the financial management personnel, activities and operations of the Corporation.

Communications Director:

- Develops a corporate communications strategy to reach all of the Corporation's constituents.
- Creates a plan to foster Corporation's national identity
- Develops and maintains press relations
- Develops advertising/promotion campaign
- Coordinates internal communications material

ACTION Director

- Administers all programs currently run by ACTION (VISTA, OAVP)
- Supervises ACTION state offices.
- Works with management team to integrate ACTION fully into the Corporation
- Works closely with the Director of Community Service programs to make all of program more cohesive.
- Oversees program support (technical assistance and training, evaluation, recruiting and selection)

Director of "Investment" Programs

- Administers all program currently run by CNCS
- Administers new Americorps programs
- Oversees the selection of grants
- Oversees grants administration
- Works closely with the director of ACTION to make all programs more cohesive.
- Oversees program support (technical assistance and training, evaluation, recruiting and selection)
- Coordinates new program development.

CCC Director

- Oversees the CCC programs
- Works with other senior program people and CEO to plan overall program strategy.
- Coordinates to make sure that he fully uses resources available and that mission and goals are tied to those of the Corporation.

***** Suggestions Different from current thoughts:**

Inspector General:

I think that the IG position should be totally "reinvented" in our Corporation and (particularly if able to get Knisley) the people in that office should be tasked with continuing the transition work within the Corporation, implementing REGO concepts in the corporation and in general being the strategic planning team within the Corporation.

Chief Operating Officer:

I would also, as I have mentioned, try to have in a Chief Operating Officer position that is so important to the Vice President and the REGO team. Their perception is that corporations and agencies need someone under the CEO who has responsibility for integrating administrative and program activities. This individual will be your point person for settling most of the routine resource allocation disputes, and will free you up for representational responsibilities and to focus on decision-making with a more substantial policy implications.

B. BOARD OF DIRECTORS

The Corporation will have a fifteen-member volunteer board of directors appointed by the President and confirmed by the Senate. It will be bi-partisan, representing a broad range of viewpoints, and include persons experienced in national service and similar programs; experts in providing educational, environmental, human or public safety service; and at least one person between the ages of 16 and 25. Board members will serve for a term of 5 years. Eleven cabinet secretaries will serve as non-voting ex-officio members. The President will appoint the first Chairperson of the Board. The board will appoint subsequent Chairpersons.

1. Responsibilities of the Board:

The Board will review and approve the Corporation's strategic plan, grant making decisions, regulations and policies, and evaluation plan. It will also review and advise the CEO concerning overall policies of the Corporation, receive and act on reports of the Inspector General, make recommendations regarding research, ensure the effective dissemination of information, and advise the President concerning service.

2. Board of Directors' Challenges:

The biggest challenge to Corporation management regarding the Board of Directors is ensuring that the board is functional. Too often this group, which is the legal governing organ of a corporation, simply fails to live up to its responsibilities either through neglect or the fact that annual or semi-annual meetings do not leave enough time for board members really to review the business of the Corporation. Busy "name" executives rarely have time to do much more than show up at the board meetings, if that. Sometimes, in government corporations the board becomes politicized and stops functioning in the important advisory role that it was established to fulfill. It should also retain the confidences of senior management--this issue is particularly difficult when board membership is based on constituent representation instead of independent integrity. Each member brings his or her own agenda, not necessarily the agenda of the entire Corporation to job.

There are three major functions of a good board. (1) To advise and counsel senior management, (2) to act as an agent of outreach for the organization. The two main responsibilities are internal management and external relations. Often these two functions are handled by breaking the board into two or more committees where much of the real work of the board is conducted outside of full board meetings. Board members should have the experience and expertise to do the job, and should have the time to fulfill their responsibilities. Board members should also be independent. One way of ensuring independent judgment is to offer only one limited time appointment to any board candidate.

C. COMPLETING A SUCCESSFUL MERGER:

We have been laying the groundwork for the transition by having both entities actively involved in constructing the Corporation and its operating strategy going forward. We will continue to work together as a team to complete the full transition, which may take up to a year.

1. Culture:

As we officially begin the process of joining three organizations, we will need up front to have senior management spend a day or two creating a new culture for the Corporation and then making sure that culture becomes a part of the organization through structure, personnel policy, information systems and expectations for employees.

2. Merging of Functions:

The goal is to make the transition happen as fast as it possibly can without jeopardizing the quality of existing programs or the effort to get new programs up and running. As of October, we will have made the first big step of moving all of the employees into one building. The intent upon day one after the move is to merge as many of the support functions as makes sense (communication, legal, finance,) and have the people within those areas begin to coordinate, which they have already been doing during this transition phase.

Communication: Coordination in the communications department is particularly critical so that we have one head of communications who can coordinate all of the messages going out of the building and so that we can start coordinating and imparting an image of national identity.

Finance: We also need to make sure that the Corporation has one set of books -- remember REGO -- and get the financial accounting systems merged sooner rather than latter. There is no real reason for them not to be.

Legal: We also need one legal department that can counsel the CEO on all legal matters pertaining to all operations and all programs.

Administration/Personnel: The administration of the Corporation will be unified and working as a team from day one and all hiring and personnel decisions will happen from one location. The only piece that will be different is that ACTION still has some Union obligations that none of the employees hired in new to the Corporation will have.

Program: Program will be slower to merge and will still have different structures -- the idea is that as soon as possible all program run by the Corporation (new program, existing program, CCC program and others) will all be better coordinated and able to learn from and draw off of each other's strengths. Support functions for program will also be shared to the extent that it makes sense to do so.

3. Staff requirements:

The next step will then be to determine within each area whether or not we have too much overlap, or whether or not we need to have more staff. Then we can make final personnel decisions, and staff support for each of those functions.

4. REGO implications:

We need to keep the number of staff as low as possible. We need to embody the lean, efficient REGO model. We do need to cut out duplication and leave as much of the responsibility as makes sense in the hands of the states and local programs.

5. State Offices:

The state ACTION offices' directors will, on an interim basis serve as the Corporation representatives to state commissions. As the state structure evolves we will need to

determine as part of the transition of ACTION whether the work can be done by one structure. The Corporation also needs to make a determination about ACTION regional offices.

***** Suggestions :**

Timetable for ACTION transition:

We need to decide on a timetable for when ACTION no longer is "ACTION." The legislation gives us 18 months; I think that it should happen much faster than that. Very importantly, I think that we should begin, as soon as possible, calling the ACTION programs Corporation programs and start the transition of name immediately.

I would also suggest having another name for the ACTION director; maybe he should also be COO.

People should be organized in terms of accomplishing tasks – no matter which group they used to be with. In most cases, including programs, those tasks will be more effectively and I think efficiently completed with a full team to address the issue. For instance, deciding the best way to get information from the people participating in programs, whether they are old ACTION programs or new programs, should be done jointly. We should have same feedback mechanism that works for the whole company – not two separate ones! Communication needs to be coordinated, etc. I would suggest having people who are working on same tasks sit near each other from day one and not separated by floors. We should certainly do this when we move to our permanent location.

Some things should change right away or be called something different. Within ACTION there is still a whole layer of management or division called "Office of Domestic Operations" – domestic as opposed to what?? I am told that is still a holdover from the days when the Peace Corps was the international division of ACTION. No one has challenged how the organization is structured in years. Since, the sooner we change more we can stop thinking about old and new, ACTION and Commission and ONS, etc and we can begin to focus with a clean slate on solving our tasks.

Teamnet Using the Data Highway

This is a concept we might want to consider as we continue to build our organizational culture. Teamnets are the new alternative to traditional hierarchical organizations and, although they can exist without electronic support, they thrive in an environment where distance and time are basically removed as barriers to the interaction of the net members. The chief exponents of teamnet are Jessica Lipnack and Jeffrey Stamps who served as advisors to the Vice President on the National Performance Review and who also were Rhode Scholars with President Clinton. They will be dining with the President on October 14 and could be available to consult with Americorps on October 13.

Lipnack and Stamps define teams as small groups of people who work with focus, motivation, and skill to achieve shared goals, and networks as disparate groups of people and groups linking to work together to achieve a common purpose. The teamnet concept unites these two ideas into a force designed to cross traditionally guarded organizational borders to cooperate for mutual benefit while retaining competitive independence. Using this approach, many of the territorial issues that can be expected when integrating organizations with diverse cultures can be circumvented and, in fact, possibly even turned into strengths. Particularly on the program side of the corporation this will be true. Potential teamnet partners would include the programs within the Corporation,

administrative support personnel, constituent non-governmental organizations, state and local governments, other U.S. government agencies, and possibly international voluntary organizations.

XII. Administrative and Operations:

A. PERSONNEL POLICY AND HIRING

1. Overall personnel policy:

The key component of our personnel philosophy will be a strategy to **"empower the employees"** in the spirit of reinventing government so that we can best serve the needs of our communities (customers). By giving people the power to make change, the participants will feel productive and satisfied. We need our customers to be able to say, "what they did made a difference." And we need everyone in the corporation to be able to say the same thing.

Our first personnel challenge as a Corporation is to figure out the talents of the people that we already have from the combination of ONS, ACTION and the Commission. There are a few senior level positions that will be filled in the early weeks of the Corporation, but other than that there will not be a lot of new hiring. Pushing responsibility down to the local level will also mean eventually getting rid of unnecessary middle management layers.

Current ACTION employees will transfer into the Corporation within the civil service system, but other employees will be governed by a more flexible, merit-based, competitive personnel system exempt from certain civil service requirements.

Part of empowerment means making people *accountable* for the results they achieve in their new found authority. This is based on the theory that the people who are closest to the problems know the most about solving them. In order to make people accountable they need to know very clearly what is expected of them. Every single person in the organizational structure should be held accountable from CEO down to participants.

2. Performance Standards Setting System:

In order to make people accountable the Corporation should set a Performance Standards Setting System – which is at the cutting edge of organizational management. This system would require everyone in the Corporation to write a performance agreement against which they will be measured. This allows everyone to solidify what they think is expected of them and also lets others know as well. Then, in computer system, employees will write down on a weekly or bi-weekly basis the things that they are going to do to reach those goals. **The key is to make everyone accountable for producing.** Start with the premise that the whole organization is linked through E-mail systems and everyone is taught how to use a computer – they will need to know for communication purposes.

No longer will management not know what the 30 people in office of management and budget are doing – they will have a contract that spells out what they will accomplish and tasks they will complete on a weekly basis to get there. Management expert and REGO strategist Dr. James Belasco counsels, "places where systems like this are in place have dramatically increased empowerment level and accountability level of employees – a lot more gets done with fewer people."

3. Developing Performance Agreements

Performance agreements are common in business. They serve a very useful role in focusing the energies of an organization on its core mission, and maintaining that focus. Under the

leadership of Vice President Gore, performance agreements are being developed to measure the outcomes of federal programs. Currently, four cabinet agencies are negotiating performance agreements to sign with the President.

***** Suggestion:**

Dr. Belasco has offered his services on a pro bono basis to the corporation to assist in developing performance measures based on a thorough analysis of the corporations customers. In order to flatten the organization—an important goal in freeing managers from typical bureaucratic paralysis—integrated data communication is crucial. Dr. Belasco as suggested establishing partnerships with companies involved in data processing and telecommunications to assist in building the infrastructure for horizontal management and teamnet building. He has further proposed establishing a mentor program where individuals from private companies would support local groups, state agencies, or the corporation. He is available to meet with senior management to begin this process or to begin the organizational development process.

Example Performance Agreement: (CEO - Eli Segal)

1. I will set up an organization that is customer driven.
2. Customers both external and internal will have a significant input into organizational structure and decisions.
3. I will create a corporate environment where employees are empowered.
4. I will help coach and develop the people with whom I work to help them meet their maximum potential.
5. I will be the chief spokesperson representing the organization and its ideals and values to external constituencies.
6. I will ensure that resources are available and allocated to meet established corporate priorities. etc.

Everyone should come up with their own list – the information should be available to those with whom you work so that people can be evaluated on how well they have met their performance goals and what could be done better.

4. Employee Development and training:

The Corporation will also have a system for Employee development and training Our goal should be to keep helping everyone become better individually so that we can serve better collectively.

In order to be successful we will commit as a company to giving our employees the tools they need to be effective leaders: that includes sufficient training and up to date information technology system for communication.

5. Leadership:

We will also commit to giving leadership from the top to reinforce these principles. As REGO report says "we must offer top-down support for bottom-up decision making ... that's how GE did it; that's how we must do it as well."

6. Summary of Proposed personnel recommendations:

Following is a summary of recommendations for the new personnel system developed jointly by ACTION personnel and consultants from the U.S. Office of Personnel Management.

1. Organize pay structure into 4-7 overlapping pay bands (see sample pay band chart attached).
2. Utilize appropriate locality adjustments.
3. Utilize recruitment, retention and relocation bonuses.
4. Allow for periodic salary increases based, in part, on the Corporations' performance system.
5. Blend work with similar characteristics into a few broad categories for the purpose of developing broad generic evaluation guides to determine 4-7 pay band levels. Develop standardized job descriptions of work for different bands.
6. Develop an internal system to resolve employee job evaluation appeals.
7. Performance evaluated at two core levels: employees have either been successful or unsuccessful.
8. Performance appraisal, alone, does not entitle employee to a pay increase.
9. Pay must be adjusted once every 12 months.
10. Performance must consistently exceed expectations for employee to be eligible for an increase greater than 5% in a 12 month period with an annual cap of 20%.
11. Allow exceptions to 20% limit for exceptional performance, subject to maximum limit of the pay band.
12. Pay increases are tied to basic pay without regard to locality adjustments.
13. Pay reductions can be taken when employees fail to meet expectations.
14. Develop a process for assessing qualifications based primarily on Corporation job descriptions.
15. Competition not required for movement within the same pay band even if movement results in higher pay.
16. Competition required for movement to a higher pay band.
17. Competition required when considering applicants from outside the Corporation (except for those individuals with non-competitive eligibility under title 5).
18. As a recruitment incentive, managers make individual determinations, with in broad guidelines, for interview travel costs, entry pay, and recruitment or location bonuses.
19. Apply as additional probationary period for first time supervisors and managers.
20. Apply an additional probationary period for promotion to a higher level pay band.

Health Benefits:

All employees will be offered the regular federal health benefits package.

Labor-Management Relations Issues

Merger of the three components of the corporation will potentially involve the labor union invoking impact and implementation negotiations. Although discussions have been joined between labor and management regarding the office move, this is a fairly minor issue compared with potential changes in working conditions, reorganization, and modification of the personnel system—not to mention downsizing of some functions. These are all areas traditionally open for negotiation. The union could potentially ask for injunctive relief from any substantive changes that management was contemplating, tying up progress for months. The best approach, and the approach most consistent with reinvention principles is

to engage the union in the planning process at the onset. The most urgent task at hand is finalizing the personnel system and determining how this will affect the Action employees. Consultation with the General Counsel will indicate which direction to take, depending on the apparent rights of the employees. There is also the possibility that the union would move to organize the new corporation employees.

B. INTERNAL COMMUNICATIONS

Internal communications are as important as external communications; how employees feel about the company gets reflected to the community. We need to have the information we need to be effective managers at our fingertips -- we cannot afford to be out of touch or illinformed. In order to have good access to information the Corporation will have updated information systems.

We have a large challenge of keeping not only employees in Washington appraised of our activities, but also an entire state and program and participant network. We will establish a number of feedback loops between the corporate program staff and people in the field and they need to be hooked into the same technology network. Communication with constituent groups and partners will be a fundamental part of the work of the Corporation, and the manner in which this is accomplished will set the corporation apart from any of its predecessor entities.

1. Communications technology

All of our computers whether DOS, MAC or Windows will all be on a Microsoft Mail system to facilitate internal communications. (When implemented by the federal government, this system will be able to communicate with other agencies.) This system also has a built in fax system.

A new phone system will be installed before we move into ACTION and that system can then be transferred to the new Corporation.

1. Data Highway

Vice President Al Gore has made development of the data highway one of his central goals. The Corporation could make use of the current infrastructure in an extremely productive way. Currently, the administration is aggressively supporting Internet by releasing all of its documents and two recent major reports (Reinventing Government and the health care report) on the network. This infrastructure is worldwide and accessible with only a modest investment. On the first weekend after the Gore reinvention report was released 15 thousand paper copies were distributed and *100 thousand confirmed copies* were downloaded on Internet. This does not include the secondary downloads on commercial services. Networks like Peacenet and Eco-net are routinely used by all manner of non-governmental organizations. By following the Vice Presidents lead and using this resource it will be possible for Corporation staff to have daily access to their constituents and partners like never before and will begin to make the physical location of corporation staff and customers increasingly irrelevant.

3. Electronic Bulletin Boards

Electronic bulletin boards are widely used in universities, hobby groups, government agencies, and any other organization seeking to distribute information quickly and efficiently. The White House makes documents available daily to an electronic bulletin

board. Bulletin Board Systems require a simple desk top computer and telephone line to operate. They perform the function that their name suggests. Users dial in with personal computers over normal voice telephone lines and, by making simple menu choices, gain access to postings of messages that relate to their interests. They can leave messages, send and receive electronic mail, and upload and download computer programs and documents. Most systems will function with any computer. In the case of Americorps it would be possible to post the latest news about the corporation, publicize requests for proposals, conduct on-line trainings, debate programming issues, solicit innovations, exchange budget models or foundation management ideas. The potential is tremendous. This system could be operated either as a stand-alone project or in conjunction with Internet.

3. Other ways to exchange information:

Weekly staff meetings in corporate headquarters:

At the weekly meetings the heads of departments should give report on what they are currently working on so that people can stay informed.

A Q&A sheet that addresses for receptionists and others in the company the most common questions that people are going to have when they call.

It is important that when people call we either know the answers to their questions (particularly the basic ones) and or know who to refer them to for the more difficult or specific questions.

Automated Phone System:

Automate a phone menu so that questions would be automatically routed to right person -- in most cases people would leave their name and address.

Internal sounding board:

When ever employees internally have any real concerns that are difficult for them to share with others there should be someone in the Personnel department or Inspector General's office to whom people go with confidential concerns.

REGO point person:

There should also be an incentive in place for people to challenge the system continually and think of ways of doing things better. Any suggestions for improving performance, cutting out duplication, improving personnel or customer relations system should be directed to REGO point person or strategy team for consideration.

C. FACILITIES

In order to create a unified culture and begin working together as soon as possible the Corporation will start operations with all employees in the ACTION building and then move permanently when the new location is ready.

ONS will be moving over to the ACTION building on the 14th of October and all of the Commission will be moved by the 29th of October. We will be in that building about five months until the "build out" of our new building is completed at which time we will all move permanently into our final location. The new building will have all of us on two or three floors in a location convenient to the White House. (more details to follow)

XIII. Regulatory Issues:

A. PLAN TO PUT TOGETHER REGULATIONS FOR CORPORATION:

A schedule has been established for the drafting of the regulations. Working together with Commission, ACTION and outside focus group input, the publication of regulations has the following timetable

1. October 1993 - Publication of interim final regulations for state commissions and notice of funding for state commission and administrative funds.
2. November 1993 - Publication of proposed program regulations and draft applications
3. January 1994 - Publication of final program regulations and applications

***** Suggestion:**

Another big REGO concept is that regulations should be minimal -- very short and tight.

Regulations should be written so that they leave decision making to the extent possible flexible -- we would all prefer for example if we hadn't put two managing directors in the legislation. (Laws and regulations are hard to change)

Regulations, policy statements and other rule making should be concise -- personnel regulations especially so. In fact, Al Gore likes to talk about the fact that employment "regulations for Saturn Motor Company fit in your shirt pocket."

XIV. Inspector General

A. PLAN TO ESTABLISH INSPECTOR GENERAL'S OFFICE

Inspectors General

The Vice President's reinventing government report called for reorienting the Inspector General away from a strict focus on compliance issues related to prevention of waste, fraud, and abuse toward a much more proactive role that splits its focus between investigation and prevention. Currently, the standards upon which the IG is evaluated focus on the location of error or fraud. Unearthing more waste, fraud, or abuse means more success, even if the problems unearthed are not due to malfeasance or had already been corrected. Everyone in government knows of situations where the rules have been circumvented simply because they either did not make sense or were impossible to follow. The unfortunate consequence has been to create, in many situations, an unnecessarily confrontational relationship between the IG and the agency. The IG fills a crucial role in government, but as that role has evolved it has ended up making employees ever more cautious about innovation and independent decision-making.

The Vice Presidents report says, in a government focused on results, the Inspectors General can play a key role not only in controlling managers' behavior by monitoring it, but in helping to improve it. Today, they audit for strict compliance with rules and regulations. In the future, they should help managers evaluate their management control systems. Today, they look for waste, fraud, and abuse. In the future, they should also help improve systems to prevent waste, fraud and abuse, and ensure efficient, effective service. This new attitude will be greatly welcome at the Corporation, particularly given the many hands that federal funds will be passing through. The key to earning the confidence of both the Congress and the taxpaying public will be to train staff aggressively, in partnership with the IG, so that accountability problems can be prevented at the start. Corporation's management has the unique opportunity to begin their relationship with the IG on a positive note, as partners, not adversaries, with the IG as part of the team.

B. A TRADITIONAL ROLE OF THE IG FOLLOWS:

1. Mission

The office of Inspector General (OIG) provides leadership and coordination and recommends policies for activities designed to prevent and detect fraud, waste, abuse, and mismanagement of federal funds and promote economy and efficiency within the Corporation's programs and operations. The Inspector General Act of 1978, as amended, mandates the OIG's mission and statutory authority.

2. Organization

The Inspector General reports to the Chief Executive Officer of the Corporation. A deputy Inspector General, a counsel to the Inspector General, and three Assistant Inspectors General (for audit, Investigations, and Administration and Operational Reviews) report to the Inspector General.

3. Functions

a. Performs and directs financial, compliance, and performance audits of all Corporation programs and operations. Ensures that work contracted with nonfederal auditors complies with standards established by the Comptroller General of the United States and relevant

OMB circulars. Reviews work of independent auditors who audit grantees and contractors under OMB circulars A-128 and A-133. Issues annual Audit Plan.

b. Investigates alleged violations of Corporation policies and procedures, criminal or civil statutes, and other irregularities in Corporation programs and operations, including those of employees, contractors, and grantees. As required, may issue subpoenas, administer oaths or affirmations, and take affidavits during the course of an audit investigation.

c. Reviews and makes recommendations on existing and proposed legislation and regulation based on potential impact on the economy, efficiency, and effectiveness of Corporation programs and operations.

d. Monitors the management of the Corporation's audit resolution tracking system, ensuring that follow-up actions taken in response to proposed recommendations are adequate and timely.

e. Acts as a liaison between the Corporation and the General Accounting Office, other Government agencies, appropriate private entities, and interagency organizations with respect to audit and investigation matters.

f. Coordinates other activities to promote economy and efficiency in the administration of, or to prevent and detect fraud, waste, and abuse in Corporation programs and operations. These activities include but are not limited to; designing training materials, making presentations, reviewing and commenting on policy guidelines, and providing technical advice to Corporation management officials on internal controls and other economy and efficiency issues.

g. Submits semiannual reports to the Chief Executive Officer and the Congress. Keeps the CEO and the Congress fully and currently informed about problems and deficiencies relating to the administration of Corporation programs and operations and the necessity for, and the progress of, corrective action.

XV. Critical Risks

CRITICAL RISKS:

It is essential for us all to work on identifying and addressing what we think will be the critical risks and impediments to reaching our corporate objectives. The risks fall into three main categories: management, marketing/communications and program.

A. Corporate Management Risks

Lack of definition of corporate goals:

The management team needs to decide what the corporate goals are so that employees are working with a common purpose. After *goals* are agreed upon, the next step is to determine what *results* we want from those goals and finally what *tasks* we need to accomplish to reach our set goals and desired results.

Leaving existing programs out of our planning process:

While most of the focus has been on getting new programs up and running, we have to make sure that existing programs at ACTION, CCC and non-youth programs do not get left out. They are a strong base upon which we are building and they need to get recognition and media attention and support in the same way that new programs do. (They are already feeling like second class citizens, so we have some work to do in this area already.)

Lack of market definition/ Confusion over the customer:

The entire Corporation needs to know who their customer base is and what market we are serving. Right now there is still disagreement about who the customer is. I think that the "external customer" or end customer is the community we are serving -- and everyone else should be considered an "internal customer" or employee. I would also argue that all the participants should feel as if they are employees of the Corporation. As the employees closest to the end customer, they should have the power to make recommendations to the Corporation about how to serve our end customers better.

Being trapped by numerical targets:

The President promised at the signing that there would be 20 thousand volunteers in the field this year and 100,000 in three years. If we can't reach these goals we need to figure out how to effectively communicate that without it looking like we failed -- or that the President didn't come through on his promise. It is time now to begin developing performance targets.

Continuing job insecurity:

Finalization of this issue is critical to the success of the endeavor. There are pockets of dedication and professionalism that are heartening, but employees need to begin making decisions now about their futures--either inside or outside of the Corporation. The angst out on the shop floor does nothing to further the mission of the organization. Management needs to finish building its operational team. Senior managers need to be able to provide assurances to employment candidates that there is a future with the Corporation. Those of

us who understand the employment innovations contemplated at the Corporation know that it will be a good and satisfying place to work. The details need to be finalized and communicated to the workers.

Potential difficulties with organized labor:

To date the labor union has not been brought substantively into the discussions. Not too long ago ACTION was recognized as having the second broadest labor union agreement in government, behind only the Department of Labor. Management is sitting on a ticking time bomb if it does not come to grips with this issue—but is also missing a large opportunity. The President has lead the way by establishing the National Partnership Council to stimulate a new era of government labor-management relations. Vice-President Gore refers constantly to the new labor-management paradigm at the Saturn plant in Tennessee. Making organized labor part of the process in real, tangible ways is a fundamental goal of reinvention. The Corporation must begin immediately.

Inadequate quality controls for a company that is tripling its size:

We are going to be growing from a \$200 million dollar corporation to an almost \$600 million dollar corporation overnight. Tripling the size of an organization is an extremely difficult management challenge. There are many quality control issues that need to be considered when a corporation grows that dramatically in size. One of the most important will be to have a solid personnel system and an organizational management system in which employees know their roles in the corporation and what goals they are trying to accomplish.

State commissions that are composed of gubernatorial cronies; slow to form; corrupt in awarding grants; weak in monitoring grants; insensitive to mayors or hostile to the administration.

If state commissions are corrupt or poorly formed they will be our downfall , because they are our main vehicle for product delivery.

Waste and fraud:

We need an IG who can distinguish between mistakes and crimes. We need to immediately apprehend those who are conducting fraud, set precedents for others. Should make the states as insistent on this as we are.

The corporation being swamped by the number of direct applicants:

We have to be prepared for a flood of applications for the federal third of the money, since that will be the first money given out and have a system for dealing with it.

Overwhelming flood of calls for information:

This is already happening and it is critical that we get a system in place to handle it. We do not want the first flood of applicants put off because people in the office haven't known how to answer their questions and they haven't gotten adequate information on the program.

B. Communications/Marketing Risks

Americorps only representing new program/ Lack of market identity and clear integration of various programs:

The President's attention, the big banner at the signing of the legislation and the media's attention will be on the new catchy name "Americorps." That only represents a part of the overall service world of the Corporation. Several people on the outside, including NPR, ACTION and even people on inside staff did not know that "Americorps" just represented the new program and not the whole corporation. We need to be very careful of this, if we want the Corporation to be more than just the new program. May want to consider having the name represent all programs under the Corporation or make sure that at events and other functions it is not the only name displayed. (We need to figure out a way to create a strong Corporate identity!) The real challenge is to determine our market segmentation, and ensure that each program both relates to the whole and demonstrates a tangible market difference that justifies a separate identity.

Failing to make allies out of the non-profit/volunteer world:

The wire service story (10/9) with complaints of the Catholic charities is the tip of the iceberg. Non-profits will be the principal user of service participants (the existing field is too small to soak them all up), and yet many of them are concerned philosophically about two main issues (1) that our introduction of rewards destroys the altruism which is the foundation of their style of service and (2) that failure to get our funding will put them at a huge disadvantage and make it impossible for them to keep their current low/no-cost volunteers.

Long gap with no publicity or public attention:

The summer of service, Presidential events, the legislative process and the bill signing all created a demand and identity for national service. Now the public has to retain that excitement for as much as nine months before substantial numbers of Americorps members begin appearing in communities. We need something to fill the gaps and to create some media hits during those months.

Incorrect perceptions of program:

Already there are several messages that we need to counteract.

The perception that our program is small.

We will need to counteract the impression that has shown up in many of the stories to date: that we are a "watered down," much smaller version of the program the President intended. We need to focus them on the fact that we are starting with a program larger than the Peace Corps ever was at its height, and we need to turn the focus to quality of results, not arithmetic.

The perception that the Corporation will only provide an opportunity for youth to serve.

It is important that we not forget that the service movement is for all of America not just the youth and that we do not send out a message that the Corporation will only accept young participants. We need to recognize programs currently run by ACTION, particularly all the

good work being done by Older American programs. They need to feel as if they are an integral part of the work of the Corporation -- we need to give them support and media hits.

We need to keep on top of what our image is in the field and address any inconsistencies.

C. Program Risks:

Unprovable impacts, or unimportant targeted needs. Lack of corporate focus:

Determining priorities and communicating them is critical. These priorities must be specific, important and capable of being addressed by all types of participants.

Inadequate planning time

Give adequate time lines for both staff and local programs to meet goals. Do not just spend more money to get more participants just for the sake of spending the money; emphasize quality over quantity and sell it that way to the media.

Make-work projects:

The key is insistence on demonstrable results. There is no more urgent informational outreach assignment than to convince the service world and the Governors that we insist that applicants must specify how they will improve their communities, with benchmarks to track their progress and precise expectations of outcome. States must ensure conformity in their management of the initial competitive process, and must be rigorous in checking up on programs during the course of the year. The Corporation needs to reject state plans that don't comply, and cut off funding to programs that fail to achieve their targets. The tendency, particularly at the beginning, will be to cut corners and accept excuses.

Frequent site visits are necessary. The Corporation needs a broad system of unannounced visits, sometimes just to see who is on the job and what they are doing.

We need more regular data than either the Commission or ACTION is used to requiring. The Corporation should know what every volunteer is doing. This information should be computerized, kept current and available at all times.

Poor Recruitment:

State and local programs must be given adequate time to be taught how to recruit and then given adequate time to recruit. There should be substantial technical assistance for recruitment or programs will not meet the diversity requirements we are seeking. A national applicant bank needs to be created, and programs need to make use of it. Finally, recruitment will determine whether programs will be diverse in their in their participant mix.

Lack of balance between federal and state oversight:

We need to push as much responsibility as possible down to the state level without losing control at the federal level.

Congressional patronage at any level:

We can't allow Congress to mandate specialized programs or direct grants. The Corporation will have more pressure on this than we anticipate.

Advancing advocacy, rather than doing direct service that solves problems:

Advocacy assumes that the power resides in government; service places power in the hands of communities.

Inadequate tracking systems:

Being unable to track the federal money advanced and or achievement/shortcomings of programs while in process, because of decentralization of program operation and oversight

Programs not being able to raise their required matching funds:

Donors get set in their ways; we have to provide real reason for people to want to invest.