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CAPITAL JOURNAL

BY GERALD F. SEIB

National Service, Like Its Creator, Falls and Rises

IF YOU WANT a metaphor for President Clinton's political revival, study the saga of his beloved national service program, AmeriCorps.

Like the president himself, it looked politically dead a year ago, skewered by a fiery Republican Congress and ready to be cooked. Today, AmeriCorps is alive, singed by the experience but probably stronger for it.



National service's survival is both a sign and a product of a healthier and savvier Clinton administration.

But more than that, AmeriCorps's saga shows that, occasionally, the system actually works. A Democratic president launched a program. Republicans saw legitimate problems. Changes were made, spending was cut, the program was saved. In an intensely partisan atmosphere, bipartisanship prevailed.

The idea of AmeriCorps is relatively simple. Young Americans agree to work for a year or two in programs attacking such social problems as drug abuse, low literacy rates or homelessness. While doing that, they get an allowance. At the end of their stint, they get a bigger reward: education stipends to help pay for college.

Perhaps no idea was more identified with candidate Bill Clinton in 1992. AmeriCorps was to be the ultimate New Democrat program, one in which Uncle Sam didn't just hand out checks but used government funds as a catalyst to get young people to accept responsibility for solving problems in their communities.

IN FACT, THE CONCEPT was bipartisan. Democrats and Republicans in Congress had launched a similar pilot program before Mr. Clinton's arrival. So when the president pushed through his grander AmeriCorps program in 1993, it won the support of 25 Republicans in the House and six in the Senate. AmeriCorps became a reality, and soon it was funding the work of 25,000 young Americans laboring in projects run by 438 different organizations around the country.

But when Republicans seized control of Congress in 1994, GOP revolutionaries turned their sights on AmeriCorps. Intellectually, some hated the idea of sending government money to middle-class kids for doing what was nominally "volunteer" work. Others frankly admitted they were after the president's signature program.

But most significantly, Republicans thought they saw signs of another well-intentioned social program's costs running out of hand. The Senate's top skinflint, Iowa's Chuck Grassley, began breathing down AmeriCorps's neck. He commissioned a report from the General Accounting Office, Congress's investigative arm, that showed total federal costs per volunteer running at almost \$20,806, well over the \$13,000 estimate once offered by the administration. About 15% of AmeriCorps's grants were going to help fund workers in other federal programs, some with much higher per-worker costs.

Sen. Grassley fired off a nasty letter to the president. "Unfortunately," he wrote, "as designed, AmeriCorps is another Great Society-style boondoggle." Lawmakers cut funding in 1995, and some set out to kill it this year.

But Sen. Grassley offered compromise. He would work with the Clinton administration to "reinvent" AmeriCorps. At that crucial juncture, the administration decided to get out of its defensive bunker, and to adapt.

AMERICORPS'S NEW HEAD, Harris Wofford, is a former senator, and he decided to capitalize on the bonds he made in the Senate. He and Sen. Grassley negotiated a series of changes in AmeriCorps operations. Overhead and administrative costs would be cut. Programs benefiting from AmeriCorps workers would have to raise more private financing on their own. No AmeriCorps grants would go to other federal social programs. More AmeriCorps money would go to private charities, not to pay wages to workers but strictly to give scholarships to young people who had truly volunteered.

Mr. Wofford also wisely played up AmeriCorps's support among moderate Republicans and, crucially, local leaders. One rousing early fund-raising letter came from one Elizabeth Dole, head of the Red Cross and wife of a certain GOP senator. "My whole focus," Mr. Wofford says, "is to reclaim the bipartisan tradition of national service."

Eventually, Sen. Grassley decided the program was on track. So this spring he supported its continuation, and even backed a Democratic amendment restoring some funding. AmeriCorps's budget still will be cut this year by 14% to \$402.5 million. But officials think that, thanks to the cost savings, they can keep the number of participants level at about 25,000.

When President Clinton gives a commencement speech in Pennsylvania Friday, he's expected to cite AmeriCorps as a pleasant example of political cooperation this year. National service hasn't seized America's imagination the way proponents once hoped. But, like the president himself, it's at least survived to get another chance.

RENEWING THE CALL TO SERVICE

Just when it seemed that a long, chilling winter of cynicism and partisan bickering had descended upon American public life, a few sprigs of green have popped up. A single flower doth not a springtime make, but the emerging story of what is occurring in the field of national service gives hope that perhaps one day—after this election season?—we may find our way back to civility.

The story has its roots in the time of George Bush. Disillusioned with the welfare state, the former president came to believe that a vibrant spirit of volunteerism might serve as a worthy replacement, so he launched his thousand Points of Light. Under the direction of an able assistant, Gregg Petersmeyer, the program could soon claim a string of modest but inspiring successes across the country. As he was leaving office, Bush told his successor, Bill Clinton, that he had only one personal request: the preservation and strengthening of Points of Light.

Sadly, the Clinton team couldn't have cared less. Instead, the new president proposed his own, more expensive project—a domestic Peace Corps—and his Democratic allies on Capitol Hill began mocking the Bush approach with a thousand points of ridicule. Silly, meaningless, a thinly disguised retreat from government responsibility, they said of the Bush initiative. Not surprisingly, many Republicans took umbrage. And sure enough, by the time the Clinton initiative—called AmeriCorps—was up and running, the GOP pummeled it with criticism. A thinly disguised extension of the welfare state, sniffed Newt Gingrich. For a time this year, it appeared that both AmeriCorps and the Points of Light Foundation might collapse.

Enter Harris Wofford. A civil rights adviser to President Kennedy, an early leader of the Peace Corps and a former president of Bryn Mawr, Wofford was recovering from a Senate election defeat when Clinton asked him to run the umbrella organization for all federally funded volunteer and service programs.

In past months, Wofford and his team set out to rescue AmeriCorps as well as Points of Light by rebuilding a foundation of bipartisan support for nation-

al service. With one hand, they negotiated changes in AmeriCorps demanded by Republicans, led by Sen. Charles Grassley of Iowa. In successful budget talks, Wofford even insisted on more spending for Points of Light as he was accepting fewer funds for AmeriCorps. With the other hand, Wofford reached out to Bush and Petersmeyer, enlisting their help in seeking new ways to expand volunteerism and full-time service. Watch for more cooperation in coming months.

If the presidential campaigns will now resist the temptation to play politics with national service, this coming together could serve as a springboard for a dramatic, much-needed breakthrough. Across the country, one finds a huge, growing hunger among Americans to find more meaning in life—through spirituality, service or both. Many different groups tap into that desire for service, from federally run efforts such as VISTA and the Retired and Senior Volunteer Program (RSVP) to religiously inspired ones such as the Jesuit and Lutheran corps. On campuses, far more students are working in mental hospitals, schools and soup kitchens than in the activist '60s, while older Americans are also lining up as volunteers.

The problem is that the country doesn't offer enough good opportunities for those who want to serve full time for a year or more. The Peace Corps accepts only 1 out of 3 who apply, and Teach for America turns away 5 applicants for every 1 it accepts. Nor does our culture celebrate service the way we should. In too many graduate admissions offices, a two-year stint on Wall Street counts far more than two years on an urban Main Street.

Wofford believes that America could “crack the atom” if we could link national service to a national strategy for addressing deep-seated social needs such as better schools, curbing crime and drugs, and reducing homelessness. “The trends of government downsizing and growing social problems make the work of volunteer engagement more important than ever before,” says Wofford. He's right—just as George Bush was. If we elevate service to a more exalted place in our national life, those answering the call could one day make Americans feel we all belong to the same family . . . again. ■

*Answering the call,
as more and more
Americans are
doing, could one
day bring the
national family
closer together.*



THE NATION'S NEWSPAPER

USA TODAY

NO. 1 IN THE USA . . . FIRST IN DAILY READERS

FRI./SAT./SUN., MAY 10-12, 1996

Clinton: Let's reward community service

By Susan Page
USA TODAY

President Clinton today will offer cash and prizes to get more high school and college students in community service.

In a commencement address at Penn State University, Clinton will challenge schools and communities to expand, recognize and even require

community service programs.

The proposal is a centerpiece of an address on values, the first of four speeches over the next month designed to outline Clinton's priorities in a second term.

The White House acknowledges that critics may label the plan an election-year gimmick, and some Republicans already complain the AmeriCorps pro-

gram funnels taxpayer money to middle-class volunteers.

Still, the initiative shows Clinton using the bully pulpit to deliver on an idea without facing filibuster by Congress.

"We need a smaller government, but we also need a larger national spirit," he plans to say.

In the speech, he will:

► Offer to match \$500 awards for high school "com-

munity service scholars." AmeriCorps would provide the money, which could total up to \$10 million a year.

► Urge every middle and high school to make community service part of its curriculum. AmeriCorps will honor outstanding programs.

► Call on colleges to place work-study students in community service jobs.

Metropolitan Times

MONDAY, APRIL 29, 1996

The Washington Times

IF I HAD A HAMMER



Photo by Ross D. Franklin The Washington Times

AmeriCorps volunteer Yolanda Courtney (right) talks with resident Blanche Easley at a news conference marking the renovations of the Arthur Capper Apartments.

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Carol Broderson with her husband's art

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AmeriCorps to the rescue

Workers spruce up seniors complex

By Lisa Nevans
THE WASHINGTON TIMES

From her wheelchair in her L-shaped studio apartment, Blanche Easley points out a hole the size of a folded newspaper at the base of the wall, partially covered by a patch of dinosaur-bedecked wallpaper. "There's holes in the closet door, and in the kitchen by the stove," Miss Easley, 77, says as a cockroach ambles along one dingy, gray wall. "I've been here 15 years, and it's been about seven years since it was last fixed up."

Even as she speaks, three young women dressed in navy blue paint-stained overalls and gray T-shirts spread a plastic drop cloth over the coffee table, which they've moved to the middle of the room.

They are AmeriCorps members, part of a team of young people who have been working since January to renovate the decrepit Arthur Capper Apartments in Southeast, a public housing complex for low-income seniors and handicapped people that is now in receivership.

The corps members, ages 18 to 24, will drywall, spackle, paint and exterminate roaches in Miss Easley's third-floor apartment, as they have done at some 210 others in the 297-unit building. Beyond renovating the building and cleaning up from decades of government neglect, corps members from across the country and the elderly residents say they are building trust and learning from one another.

"The residents are fun to talk to, 'cause they've lived whole lives. They don't have any epic stories, but it's just life, you know, real life," said Chris Fox, 18, a recent high school graduate who grew up on a farm in upstate New York.

But they are concerned that their hard work will be for naught, if the building is allowed to fall into disrepair again after they help bring it back up to code.

AmeriCorps has been at the center of what former Demo-



Sjana Venson, an AmeriCorps volunteer, paints a hallway in the Arthur Capper Apartments as resident John F. Brown walks by.

Photos by Ross D. Franklin/The Washington Times



At a news conference on the renovations at Capper are (from left) Melinda Blois of Boston, Tara King and Amy Mowatt of Lafayette, Ind., Bridget Thuenste of St. Paul, Minn., and Debbie Bassen of Seattle.

cratic Sen. Harris Wofford describes as a "storm" in Congress, as Republicans targeted Presi-

dent Clinton's national service program for elimination and the president fought to save it.

Some Republicans have vowed to gut the program, which they see as another big-govern-

■ The national service program has been at the center of a storm in Congress.

ment bureaucracy that spends some \$18,000 or more in taxpayer money per "volunteer" each year, for work that could be done by private charities. They also have criticized poor accounting practices at the program's parent agency.

Mr. Wofford, chief executive officer of the agency that oversees the program, likens it to the Peace Corps. He says corps members earn \$7,800 for a year of service, as well as a \$4,725 stipend at the end that can only be applied to education expenses. The \$18,000 figure includes supplies, equipment and other support expenses.

So far, the GOP has failed to do more than slice AmeriCorps by 15 percent for fiscal 1996.

Meanwhile, 73 corps members — who include high school and college graduates, college students and high school dropouts — have spearheaded a top-to-bottom renovation at the

“The residents are fun to talk to, ’cause they’ve lived whole lives. They don’t have any epic stories, but it’s just life, you know, real life.”

— Chris Fox, 18

eight-story brick apartments just blocks from the Capitol. Five of their colleagues, who are assigned to do landscaping at the National Arboretum, have spent two weeks weeding, planting trees and flowers, and otherwise sprucing up the outside.

Residents rave about the corps members and the work they’ve done to transform grimy, water-spotted hallways and apartment walls to bright and sparkling. But the relationship wasn’t always so friendly.

At first, residents were skeptical and felt having a group of young people they knew nothing about come into their homes was an invasion of privacy, said Walter Oliphant, 66, president of the resident council.

“They thought, ‘These kids, they’re not going to do it right, they ain’t been trained right,’” Mr. Oliphant said.

So the corps members started work on the common areas on the first floor, instead of in apartments. Residents saw that, despite their lack of expertise as professional painters, the youths did a thorough — and enthusiastic — job.

“They come to work and they work, they don’t sit on their butts and play,” said resident Joan Buie. “You can count on them. If they say they’re going to do the third floor and be done at 12 o’clock, they’ll be done at 12 o’clock.”

The youths may be part of a government program, but what they’ve experienced so far has not necessarily made them fans of government. Because the buildings were allowed to fall into dramatic disrepair in the past, they wonder what will happen after they leave.

“These apartments need more than just paint,” said Shannon Wuitschick, 23, a University of Oregon graduate who majored in political science. “They need exterminating, there are plumbing problems, they need new screens on the air conditioning. And it’s not happening till Secretary Cisneros comes.”

Henry Cisneros, secretary of housing and urban development, toured the complex last week with Mr. Wofford and D.C. Housing Authority Receiver David Gilmore, who took over the agency last July.

A spokesman for the D.C. Housing Authority said the building would have been renovated within about eight months even without AmeriCorps under Mr. Gilmore’s plan



Photo by Ross D. Franklin/The Washington Times

Melinda Blois sands down spackling in one of the apartments.

to renovate every crumbling public housing complex in the District.

Mr. Gilmore has initiated a six-month maintenance plan for every public housing building once it has been renovated, as part of his report to the court on how he will turn around the troubled agency.

By January, Housing Authority workers should perform the first of the twice-yearly maintenance checkups at Arthur Capper Apartments to ensure the building stays up to code, said Arthur Jones, the authority’s spokesman.

“It’s easy for me to say we’re going to do that, but that’s part of our commitment: We have to be the judge,” Mr. Jones said.

Students who have gone in to

paint have found apartments without working ovens or sinks. For more than a month, they have pushed city housing officials to install a sink in one apartment that was left essentially without running water.

Kate Becker, coordinator of education and training for AmeriCorps’ National Civilian Community Corps, said she learned of the issue Tuesday and called the Housing Authority the next day. They were hoping to install a sink by the end of the week, she said.

“Their supervisors have been told when they are in the units and see things of that nature to let us know,” Mr. Jones said. “If someone needed a new sink, we’d certainly have a new sink for her.”

— Editorials —

Alleluia, AmeriCorps

AmeriCorps lives on. That is good news for southern New England. The central program administered by the Corporation for National Service, AmeriCorps organizes thousands of volunteers to work in their communities in return for modest pay and help with their college tuition.

Massachusetts has nearly 900 AmeriCorps members. Rhode Island has 250.

Earlier slated for destruction by congressional budget cutters, AmeriCorps received a reprieve: It was included in the omnibus spending bill that Congress has just

In its third year, it will be
able to establish deeper roots.

passed. And its budget next year has been cut only 15 percent, to \$401 million.

AmeriCorps serves as a kind of a domestic Peace Corps at a time when the idea of community service by young people has grown quaint and government programs purporting to do good have become suspect. It would be somewhat misleading to call it a program — rather it participates in hundreds of programs, ranging from the well-known City Year to Parents Making a Difference, a consortium that enhances parental participation in Providence public schools.

Rhode Island received more than \$4 million in federal money this year, evidently the highest per-capita grant of any state. Massachusetts also did well in those terms, with a \$13 million federal grant.

Harris Wofford, a former Democratic senator from Pennsylvania who now heads the Corporation for National Service, visited our area recently to tout the program. However, he was preaching to the converted.

Grants awarded by Rhode Island's Commission for National and Community Service focus on education. Its participants serve as teachers' assistants in public schools. They tutor students after school. In Pawtucket and Central Falls, 22 Ameri-

Corps members educate children on the hazards of drugs. But there are environmental and human service activities as well. For instance, volunteers renovated a Salvation Army day care center in South Providence.

Other states are copying Rhode Island's earlier decision to register the state commission as a nonprofit organization. This shelters the commission, now directed by David Karoff, from some of the pressures of local politics.

Set up two years ago at the urging of Bill Clinton, AmeriCorps was regarded as the President's pride and joy. That close association had made the program a target for elimination in the more partisan Republican quarters. Yet the program enjoys bipartisan support. Governors William Weld, of Massachusetts, John Engler, of Michigan, and Pete Wilson, of California — Republicans all — are strong backers of the program.

In any event, AmeriCorps's style of solving problems really should appeal to conservatives. Its volunteers do not work for a growing federal bureaucracy but go directly to local institutions needing their labor. Indeed, AmeriCorps has received lukewarm support from the liberal left, which favors direct cash grants to the needy.

Critics question whether any people who are paid for their work can truly be called public service volunteers. However, note that pay in AmeriCorps is meager. In return for two years of effort, the volunteers receive \$125 a week plus a \$4,625 college scholarship. (Every college in Rhode Island has agreed to match the government grant.)

AmeriCorps activities tend to have a multiplier effect, by attracting volunteers from the community who contribute additional time, sweat — and sometimes even money — to various projects. And the program has managed to match the federal contributions with money from private foundations and corporations.

As AmeriCorps enters its third year, it will be able to establish deeper roots. Our region should be pleased indeed to have this worthy program continue.

BusinessWeek

Government

COMMUNITY SERVICE

A SOCIAL PROGRAM CEOs WANT TO SAVE

AmeriCorps has the passionate support of even GOP execs

It's not like Erie Chapman to defend a federal do-gooder program. After all, he's a CEO, a loyal Republican, and a fundraiser for House Budget Committee Chairman John Kasich (R-Ohio), leader of the GOP budget-cutting effort. Yet the head of Columbus-based U.S. Health Corp. says Kasich is wrong to target President Clinton's national service program, AmeriCorps, for extinction.

U.S. Health has pledged \$150,000 over three years to City Year, a nonprofit that sends AmeriCorps members to work at community projects in Columbus and five other cities nationwide. Chapman argues that AmeriCorps will recoup more than its \$376 million cost this year by giving youths skills to become productive adults. He has even protested the planned cuts at a Washington press conference and congressional hearing. "It's tragic to cut these programs," he says. "Why shoot a bunch of innocent kids just to get at the President?"

CALLS AND LETTERS. Chapman has plenty of company among execs lobbying their Republican pals to save Clinton's pet program. Since AmeriCorps' creation by Congress in 1993, corporations have ponied up cash, equipment, and employee volunteers to help 20,000 young adults aged 18 to 25 perform services that range from rehabbing low-income housing to cleaning up rivers. A list of donors reads like a who's who of Corpo-



TUTORING IN NEWTLAND: Atlanta's Home Depot is giving \$125,000

rate America: BellSouth, Microsoft, NationsBank, Procter & Gamble, and American Express—to name a few.

It's no accident that execs find the project appealing. Unlike most bureaucratic social programs, AmeriCorps tries to operate like a business. It's run by a nonprofit company—the Corporation for National Service—rather than a federal agency. Moreover, the process of choosing the 350 service programs that are assigned to AmeriCorps participants is competitive. Thousands of local groups

submit proposals—with goals and concrete ways to measure success—and state boards pick the winners.

Besides, business is already intimately involved in the program. By law, non-government sources—usually businesses—must pay at least 25% of operational costs and 15% of the \$7,200 stipend each AmeriCorps member gets for a year of service. Participants also get a \$4,725 education grant at the end of service. Says Eli J. Segal, the former exec who heads AmeriCorps: "This translates into the kind of business buy-in that other federal programs have not had."

MORE BANG. CEOs particularly like the way AmeriCorps' pool of full-time, community-service workers allows them to leverage their own charitable efforts. Timberland Co., for example, says AmeriCorps participation was key to its five-year pledge of \$5 million in cash and equipment to City Year, whose youths nationwide are dressed in Timberland outfits. "As the program gets bigger, our investment goes further," explains Ken Freitas, vice-president for community enterprise.

To save AmeriCorps from the GOP budget scalpel, corporate chiefs ranging from Shell Oil's Philip J. Carroll to Anheuser-Busch's August A. Busch III have written letters to Capitol Hill lawmakers. Tenneco Gas's Steve Chesebro not only sent letters to his two Republican senators—Texans Phil Gramm and Kay Bailey Hutchison—but lobbied other Houston CEOs to kick in money for the local AmeriCorps program. "We didn't say that we liked big government

or that government should take care of this through handouts," he says. "We have seen that this is productive and proven."

Home Depot CEO Bernard Marcus has written to two dozen lawmakers, including House Speaker Newt Gingrich, who represents a district in the company's home state of Georgia. One of Home Depot's favorite programs is Hands-On

AMERICORPS' CORPORATE FRIENDS

Corporate America has been a big backer of programs using AmeriCorps members. Among the supporters:

GENERAL ELECTRIC Contributed \$250,000 to 11 United Way chapters for projects, including literacy training and food pantries.

TENNECO GAS Has given \$35,000, plus printing and accounting services, to Serve Houston Youth Corps, an AmeriCorps affiliate.

NIKE Promised \$150,000 for programs in six cities to set up fitness-oriented projects, such as sports leagues and renovating playgrounds.

FANNIE MAE Gave \$100,000 to three housing groups to train AmeriCorps members to counsel low-income renters on homeownership.

DATA: AMERICORPS

Atlanta, a clearinghouse for volunteers. The company had already given \$10,000 a year to the group, but with AmeriCorps involvement, Home Depot has expanded its support by \$125,000 over three years. Now, 65 AmeriCorps members are aides in three urban schools—a program not possible with the nonprofit group's part-time volunteers. Why is Home Depot so interested? "We need people to hire," says Suzanne Apple, director of community affairs. "This program will help build self-sufficiency, self-esteem, and the leaders of tomorrow."

One of those future leaders may be 27-year-old Paul P. Promadhat, a computer aide in a Harlem elementary school. As part of his AmeriCorps-backed training, he works at Project First, a program designed by IBM and the nonprofit Public Education Fund Network. Big Blue gives \$100,000 in computers and cash and provides retirees to train aides. When his AmeriCorps stint ends in July, Promadhat hopes the school system will hire him full time as a computer troubleshooter. "This gave me an opportunity to do something I believe in," he says.

OUT FOR BLOOD? So far, such testimonials haven't moved Republicans, who seem bent on destroying the Clinton program. There may be more than money at stake: Killing AmeriCorps would yield under 1% of the more than \$1 trillion in savings the GOP needs to balance the budget by 2002, but it would be a big slap at the President. Budget Chairman Kasich denies that the GOP attacks are aimed at Clinton. "It's a matter of policy, not politics," he says. "The AmeriCorps program is expensive, inefficient, and top-heavy with bureaucracy."

AmeriCorps' opponents argue that young people should volunteer for community service without getting stipends and that the program's per-member cost is an inefficient \$30,000. "When we're cutting basic welfare to the poor, Medicare, and Head Start, you can't sustain the argument for funding AmeriCorps," says John P. Walters, president of the New Citizenship Project, a conservative policy group.

AmeriCorps officials say the program costs closer to \$18,000 per member—about 33,000 youths are expected to take part next year at a federal cost of \$575 million. And a new study by professors at the universities of Michigan and Iowa finds that each dollar spent on the program reaps \$2.60 in reduced welfare costs, increased earnings, and other benefits. With returns like that, many CEOs aren't ready to throw in the towel. So this may yet be one do-gooder program the Republicans spare.

By Susan B. Garland in Washington, with Mary Beth Regan

CORPORATION FOR NATIONAL SERVICE
 BUDGET FOR FISCAL YEARS 1996 AND 1997
 (dollars in thousands)

Activity =====	1994 Enacted =====	1995 Enacted =====	1995 Revised Due to Rescission =====	1996 Conference =====	1997 Request =====	Difference: 1997-1996 =====	% Difference: 1997-1996 =====
National and Community Service Act (NCSA):							
National Service Trust	\$93,250	\$145,900	\$115,070	\$59,000	\$129,096	\$70,096	118.81%
AmeriCorps Grants	155,500	250,000	219,000	215,000	260,963	45,963	21.38%
Innovation, Assistance, and Other Activities	31,900	60,200	30,000	30,000	37,375	7,375	24.58%
Audits and Evaluations	4,600	7,000	5,500	5,000	6,644	1,644	32.88%
National Civilian Community Corps	10,000	26,000	18,000	18,000	22,300	4,300	23.89%
Learn and Serve America: K-12 and Higher Ed	40,000	50,000	46,000	43,000	52,725	9,725	22.62%
Program Administration/State Commissions	24,750	29,400	28,712	25,000	28,446	3,446	13.78%
Points of Light Foundation	5,000	6,500	5,830	5,500	6,000	500	9.09%
	=====	=====	=====	=====	=====	=====	=====
Subtotal, NCSA	\$365,000	\$575,000	\$468,112	\$400,500	\$543,549	\$143,049	35.72%
Inspector General	944	2,000	2,000	2,000	2,125	125	6.25%
TOTAL, NCSA	\$365,944	\$577,000	\$470,112	\$402,500	\$545,674	\$143,174	35.57%
Domestic Volunteer Service Act (DVSA):							
Volunteers in Service to America							
VISTA	\$37,715	\$42,676	\$42,676	\$41,385	\$46,500	\$5,115	12.36%
VISTA Literacy Corps	5,009	5,024	5,024	0	5,100	5,100	na
	=====	=====	=====	=====	=====	=====	=====
Subtotal, VISTA	42,724	47,700	47,700	41,385	51,600	10,215	24.68%
National Senior Service Corps							
Retired and Senior Volunteer Program	34,388	35,708	35,708	34,949	37,708	2,759	7.89%
Foster Grandparent Program	66,117	67,812	67,812	62,237	72,812	10,575	16.99%
Senior Companion Program	29,773	31,244	31,244	31,155	34,244	3,089	9.91%
Senior Demonstration Program	0	1,000	1,000	0	0	0	na
	=====	=====	=====	=====	=====	=====	=====
Subtotal, Senior Programs	130,278	135,764	135,764	128,341	144,764	16,423	12.80%
Program Administration	31,151	31,160	31,160	28,667	29,745	1,078	3.76%
Subtotal, DVSA	\$204,153	\$214,624	\$214,624	\$198,393	\$226,109	\$27,716	13.97%
TOTAL, CORPORATION	\$570,097	\$791,624	\$684,736	\$600,893	\$771,783	\$170,890	28.44%

Note: 1996 excludes Corporation portion of governmentwide reduction of \$500 million.:pg

MEMORANDUM

CORPORATION
FOR NATIONAL
 SERVICE

To: National Service Colleagues
From: Harris Wofford
RE: AmeriCorps Plan
Date: May 6, 1996

We have placed a high priority on strengthening the bipartisan base for national service. This includes responding effectively to issues raised by Members of Congress on both sides of the aisle. It has been clear for months that the cost per AmeriCorps Member is a key concern for many in Congress. It is equally clear that if we are to expand national service successfully, we will have to find a way to deliver AmeriCorps for less money, while maintaining the high quality that has marked AmeriCorps from the start.

We were delighted when, last week, Congress voted to fund AmeriCorps for the 1996-97 program year at a level that will support 25,000 Members. In our struggle to secure funding, many of our best friends and allies played key roles. And, due to the progress we made already in improving AmeriCorps, as well as our commitment to put forward goals and timetables for reducing the costs of the AmeriCorps*State/National programs, Senator Grassley- a tough critic- publicly stated his support for the continuation of the program and joined in supporting the \$400 million level of funding approved by Congress.

We now face the challenge of setting and meeting those goals and timetables. This memo lays out the goals and timetables to get the job done, as well as proposed policy changes that are intended to help programs lower their costs while maintaining quality. We are eager to get your thoughts on these proposed policy changes, information on how your program has reduced costs and any additional suggestions you may wish to offer.

Goals and Timetables

For program year 1997-1998: Reduce AmeriCorps budgeted average cost to \$17,000 per Member

For program year 1998-1999: Reduce AmeriCorps budgeted average cost to \$16,000 per Member

For program year 1999-2000: Reduce AmeriCorps budgeted average cost to \$15,000 per Member

These figures would be indexed for inflation and include all Corporation (but not necessarily all federal) costs:

- the education award (\$4,725 fixed cost);
- Corporation share of living allowance and benefits (in FY '95, \$6,900 for state programs);
- grant for program support (in FY '95, \$5,500 for state programs); and
- state commission and Corporation administration, training, recruitment, etc. That is directly attributable to AmeriCorps*State / National (in FY '95, approx. \$2,000).

These numbers also assume that there will be funds appropriated to support no fewer than 25,000 AmeriCorps Members; if that number drops, the cost per Member will increase.

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Telephone 202-606-5000

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

Policy Changes

The goals will require significant changes in some AmeriCorps programs. Programs will need to find additional sources of funding. However, it is also possible to achieve savings through restructuring. We are currently developing a technical assistance plan to help programs identify ways to make cost-effective improvements, and we will look to each State Commission to provide leadership for their programs to meet the goals.

This change could be implemented by changing the system of providing AmeriCorps grants from one in which each program negotiates each line item with Corporation staff to a fixed grant system. Through this system, each program would receive, for each full-time equivalent Member, a grant in a set amount (for example, in program year 1997-1998, the grant might equal \$10,000). The grant would cover a share of the Member support and program support costs of the program, with the remainder to be raised by the program. This system could be implemented without statutory amendment, but the current matching requirements would then still apply; ultimately, the statute could be amended to eliminate the match in order to provide programs maximum flexibility in obtaining additional sources of funding. A single fixed grant amount could either apply to all programs or different levels could be set to apply to different types of programs. Alternatively, a "hardship" fund could be established to provide modest additional resources to programs that would be hardest hit by the changes.


Another way State Commissions may choose to meet these goals is to introduce or expand the offering of education awards— without funds for living allowances and with or without modest funds for program support— to those sponsoring organizations with the means to provide such support without Corporation funding. We will soon send you a working paper on some of these approaches.

Additional policy changes might include:

- Making multiple year grants to programs that have successfully operated for at least a year.
- Clarification of rules regarding fundraising.
- Waiving the minimum living allowance (on a case-by-case basis as provided by statute) for programs that provide at least \$150 a week living allowance but operate less than 52 weeks per year.
- Reviewing and streamlining reporting requirements.

Please forward your comments and suggestions to Terry Russell, General Counsel, by May 15, 1996.

March 12, 1996

CORPORATION
FOR NATIONAL
 SERVICE

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

Chuck
Dear Senator Grassley,

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

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

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

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

The Honorable Charles E. Grassley
Page two
March 12, 1996

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

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

I am immensely proud of what AmeriCorps members have accomplished throughout the country -- from hauling garbage out of rivers to dramatically raising reading scores in disadvantaged communities. Indeed, all Americans can be proud that so many young people have committed themselves to improving their communities and serving their nation. Since AmeriCorps began in the Fall of 1993, we have learned a great deal from experience and the advice of friends and critics. We believe we now know how to make the program even better.

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

1. Reduce Member Costs

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

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

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

3. Continue to Enforce Prohibitions Against Lobbying

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

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Page four
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4. Decrease Reliance on Corporation Funding

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

5. Increase "Education Award Only" Programs

As you have urged, we are developing a plan to expand substantially the number of sponsors who receive no direct funding from the Corporation, but whose members receive education awards from the National Service Trust. This arrangement may have special appeal for religious organizations, higher education institutions, and other organizations with alternative sources of funding. The Act authorizes such awards, and we have piloted a program providing such awards on a competitive basis to the nation's governors. Expanding this program will increase the Corporation's cooperation with the larger world of nonprofit service organizations.

6. Increased Collaboration with National Nonprofit Organizations

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

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

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7. Increase State Autonomy

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

8. Improve the Grant Review Process

As you know, Senator Bond has expressed interest in the Corporation's grant review process. Our Inspector General has recently completed an examination of that process. While concluding that the Corporation acted within its discretion in those few instances when it awarded grants to lower ranked applicants at the expense of higher ranked applications, the Inspector General also finds some areas where we could strengthen grant competitions. We are currently reviewing the Inspector General's draft recommendations regarding the improvement of the peer review process and plan to implement quickly those that are workable. We will keep you informed of the steps we take. We have identified other ways to improve this critical process as well, and will pilot test them during our next review of new grant proposals.

9. Expand Efforts in Evaluation

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

10. Increase and Strengthen Unpaid Volunteers

George Romney called full-time national service and traditional unpaid community volunteering "the twin engines" for civic action that pulling together could solve some of our critical educational, environmental, and social problems. A few days before he died George proposed that the Act itself, when reauthorized, should be named the "National Service and

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Community Volunteering Act of 1996". I agreed with him to propose that change and other changes emphasizing the role of AmeriCorps members as recruiters, organizers, and leaders of part-time, unpaid volunteers. I assured him I would do everything in my power within the present law to see that in AmeriCorps projects, high priority is given to such assignments.

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

I should note that the AmeriCorps record in volunteer generation in its first year was quite remarkable. In the fourth quarter, over three additional community volunteers were recruited for every AmeriCorps member serving. From July 1, 1995, through September 30, 1995, it is estimated AmeriCorps members recruited at least 73,000 volunteers who contributed over 700,000 hours of service to their communities, or an average of about ten hours for every volunteer recruited. By further emphasizing this role we will increase the value added by each AmeriCorps member and by each federal dollar invested in national service.

* * *

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

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

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

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

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

Sincerely,



Harris Wofford
Chief Executive Officer

REPLY TO:

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TTY: (202) 224-4479
e-mail: chuck_grassley@grassley.senate.gov
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United States Senate

CHARLES E. GRASSLEY

WASHINGTON, DC 20510-1501

February 9, 1996

The Honorable Harris Wofford
Chief Executive Officer
Corporation for National and
Community Service
1201 New York Ave. NW
Washington, D.C. 20525

Dear Mr. ^{Harris}Wofford:

I am writing to follow-up on our recent meeting. I appreciated the opportunity to have a frank discussion with you about the Corporation for National and Community Service's (CNCS) AmeriCorps program.

As I testified before the House Committee on Economic and Educational Opportunities last year, I believe that AmeriCorps must implement several reforms if the program is going to meet the administration's own cost and performance goals. I stated that if CNCS implemented such reforms, AmeriCorps would be on the road to earning my support and that of other responsible critics.

I'm pleased that in public statements and in our private discussions you have agreed that reforms must be brought to the AmeriCorps program.

My August 29, 1995 letter to President Clinton outlined the specific cost reforms that I believe should be put in place to ensure that the taxpayers' money is spent effectively. They include provisions which would ensure:

- Average total costs per full-time AmeriCorps participant \$17,000;
- 50% funding match from the private sector; and,
- Federal taxpayer dollars targeted to students rather than federal, state and grantee administrative overhead and support.

As I stated in my earlier testimony, I do not consider these reforms definitive. For example, I appreciate the argument that costs for extraordinary expenditures for supplies and equipment, such as a Habitat for Humanity program, should be exempted from a dollar cap. However, while there may be a need to sharpen pencils on the specifics of these reforms, there should be no

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SPECIAL COMMITTEE ON AGING

question about the principles these reforms establish: lower overall costs, a greater private sector investment, and taxpayers' dollars directed at students.

Along with these cost-reduction reforms, my letter to the President suggested two additional program changes:

- Eliminating funding to other federal agencies.
- Targeting AmeriCorps dollars to young people who are attending college or accredited vocational programs.

The General Accounting Office (GAO) report stated that while the average program cost was \$26,654 per participant for 10 months of service, the average cost per federal AmeriCorps program was over \$31,000. Clearly, elimination of grants to federal agencies would lower costs substantially.

In addition, the elimination of grants to federal agencies has broad bipartisan support -- it was proposed in the amendment offered by Senator Mikulski to restore funding for AmeriCorps. It is clear that Congress does not view funding to other federal agencies as an appropriate use of limited funds by CNCS.

President Bill Clinton has repeatedly stated that AmeriCorps is about helping young people pay for college. Notwithstanding these statements, AmeriCorps provides significant numbers of jobs to individuals who will not be attending college or who graduated from college several years ago. I would recommend that CNCS consider careful targeting of scarce education dollars to assist young people who will use the funds to attend college or accredited vocational programs. For example, the program might increase the number of grants that provide only educational awards.

While I did not address this issue in my letter to President Clinton, I would also encourage you to take immediate steps to reform the CNCS grant-making process.

The Inspector General (IG) for CNCS will soon complete a report on the grant-making process at CNCS that was done at the request of Sen. Kit Bond (R-MO) and myself. It is my understanding that the IG report will suggest several reforms in the grant-making process at CNCS. I would strongly recommend that CNCS at a minimum implement all appropriate reforms suggested by the IG.

In addition, I would ask that you consider having the IG perform a continual audit of the CNCS grant-making process -- similar to that currently performed by the IG at the National Science Foundation. These actions would go far in addressing the concerns about the grants-making process at CNCS.

Lastly, I would ask that you give serious review to cost-cutting in the National Civilian Community Corp (NCCC) program. I have been told that the total costs of this program per participant for CNCS and the Department of Defense are excessively high.


I believe the reforms outlined in this letter would help CNCS meet the goals intended by the administration when this program was first proposed. These reforms are very much in keeping with the spirit of Vice President Al Gore's National Performance Review -- which I have strongly supported.

I am confident that we can work together during the coming weeks to craft a meaningful and substantial reform package that contains measurable performance goals. It is my strong desire to see such a comprehensive reform package implemented because it would both benefit students and ensure the taxpayers' money is spent wisely.

If we could achieve agreement on which reforms should be implemented, on a plan for implementation, and on measurable performance goals, I would be pleased to voice my support for FY 1996 funding for AmeriCorps. In addition, I would support FY 1997 funding for AmeriCorps if progress is made in implementing these reforms.

However, in order to determine what AmeriCorps funding might be, I would encourage you to work with the administration to provide Senator Bond, Chairman of the VA/HUD Appropriations subcommittee, with recommendations of where program funding within the subcommittee could be reduced to pay for CNCS programs.

Sincerely,


Charles E. Grassley
United States Senate

cc: President Bill Clinton
Senator Kit Bond
Senator Nancy Kassebaum

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White House
Packaging
2/28/96

DRAFT

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

February 28, 1996

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

Dear Senator Grassley,

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

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The Honorable Charles E. Grassley
Page two
February 28, 1996

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

6. Increased Collaboration with National Nonprofit Organizations

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

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

7. Increase State Autonomy

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

8. Improve the Grant Review Process

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

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The Honorable Charles E. Grassley
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February 28, 1996

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

9. Expand Efforts in Evaluation

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

10. Increase and Strengthen Unpaid Volunteers

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

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

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

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The Honorable Charles E. Grassley

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February 28, 1996

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

* * *

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

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

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

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

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The Honorable Charles E. Grassley
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February 28, 1996

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

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

Sincerely,

Harris Wofford
Chief Executive Officer

MEMORANDUM FOR DISTRIBUTION

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

CORPORATION
FOR NATIONAL
SERVICE

Attached, for your consideration, are three documents:

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

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

Distribution:

Alice Rivlin
Jack Lew
Ken Apfel
Melanne Verveer
Gene Sperling

cc:

Eli Segal

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

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

Corporation for National and Community Service (CNCS) Reauthorization Issues

What should be the Administration's reauthorization strategy?

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

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

Cap Participant Living Allowances at \$100/week.

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

Pros:

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

Cons:

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

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

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

Pros:

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

Cons:

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

AND ENDOR BRANCH ID: 202-395-1596 MHR 04 '96 11:51 NO.004 P.03

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

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

Pros:

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

Cons:

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

Eliminate the National Civilian Community Corps (NCCC).

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

Pros:

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

Cons:

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

Eliminate the Federal Agency AmeriCorps Programs.

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

Make the CNCS a Non-Governmental Entity.

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

~~Jack / Jack Law~~

Jack Law 2570E0B

Melrose Vermeer 100 0E0B

Bruce Reed

Ken Appel

Harris W

Shirley

Con

Sandy

Jack

Law

6 St at change
The

395-4742

2:00 pm

2570E B

Harris

Con

Melrose

Vermeer

Melanne Verweer FRC

Gene Sperling West Wing
456-2620

Ken Appel 260 DEOP

Eli Segal

Alice Rivlin

Jack Lew 2520 EOB
West. DC
2520 EOB

Memo
Gansley

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Don't have anything on mtg w/ Pamela

Call me if you have questions

(h) 703/758-9753

MEMORANDUM

TO: Shirley Sagawa

FROM: *David*
David Rymph

DATE: March 8, 1996

SUBJ: Cost Analysis of AmeriCorps*State Programs

DETERMINED TO BE AN ADMINISTRATIVE MARKING Per E.O. 13526

Sec. 3.2(C) Initials: JGR Date: 1/16/20
2013-0661-FLA

This memo reports on my analysis of AmeriCorps*States programs and their costs. Some of the limitations and assumptions of the analysis are:

1. The data come from combining the GARP data base (Jim Deloso) and the Grants Office Budget data base, with some additional elements added from lists compiled by program officers (programs with individual placements, for example).
2. There are some errors in these data that are the results of low maintenance of the data bases. I have not had time to clean them up, but it should be done if any real fine conclusions are needed.
3. In general, the data are sound, however, and I use medians (the 50th percentile) wherever possible to avoid the contamination of extremely and possibly erroneous pull of outliers.
4. I have not had a chance to check my own work, but I have talked it over with others (Chuck and Lance) and have shown them some of the findings.
5. This memo is being thrown together quickly and I apologize for any lack of coherence and the many spelling errors.

RESULTS

Total Program Costs

The first set of findings come from an analysis of all AmeriCorps*State programs for which there were data in the two data bases. There were 365 records or programs entered in the data bases, but not all the data were available on any one variable. In the findings that follow, I am reporting on median costs per FTE using the basic budget categories maintained in the Grants Office data base. These are: total costs, member support costs (living allowance and benefits), other member support (training and uniforms), staff costs, operating costs (travel, transportation, supplies, equipment), internal evaluation, and administration. I also calculated the grantee and

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corporation share of each cost component. The following findings are displayed in a series of pie charts that are attached.

- * The median, **total cost** per FTE in AmeriCorps*State programs is \$ 18,419. The Corporation share is 64.5 percent and the grantee share is 35.5 percent.
- * The biggest components of this cost are member support, staff, and operating costs.
 - Median FTE cost for **member support** is \$ 9,842, with the Corporation paying 72.5 percent and the grantees 27.5 percent.
 - Median FTE cost for **staff** is \$ 4,675 with the Corporation paying 61.9 percent and the grantees 38.1 percent.
 - Median FTE cost for **operating expenses** is \$ 1,852, Corporation share at 46.9 percent and grantees 53.1 percent.
- * Minor components of cost are Other Member Support (training and uniforms) -- median FTE cost \$ 796, internal evaluation -- median FTE cost \$ 213, and administration.
- * These FTE median costs were plotted using a Tukey Box Analysis, shown on next two pages, that show the following for total cost and each budget component:
 - The shaded box contains 50 percent of the programs.
 - The solid line inside the box is the median.
 - The top and bottom lines above each component mark the normative range of costs for that component.
 - There are some cases that lie outside the range, but they are considered outliers and extremes.

Interpreting the box analysis for the budget components provides these findings:

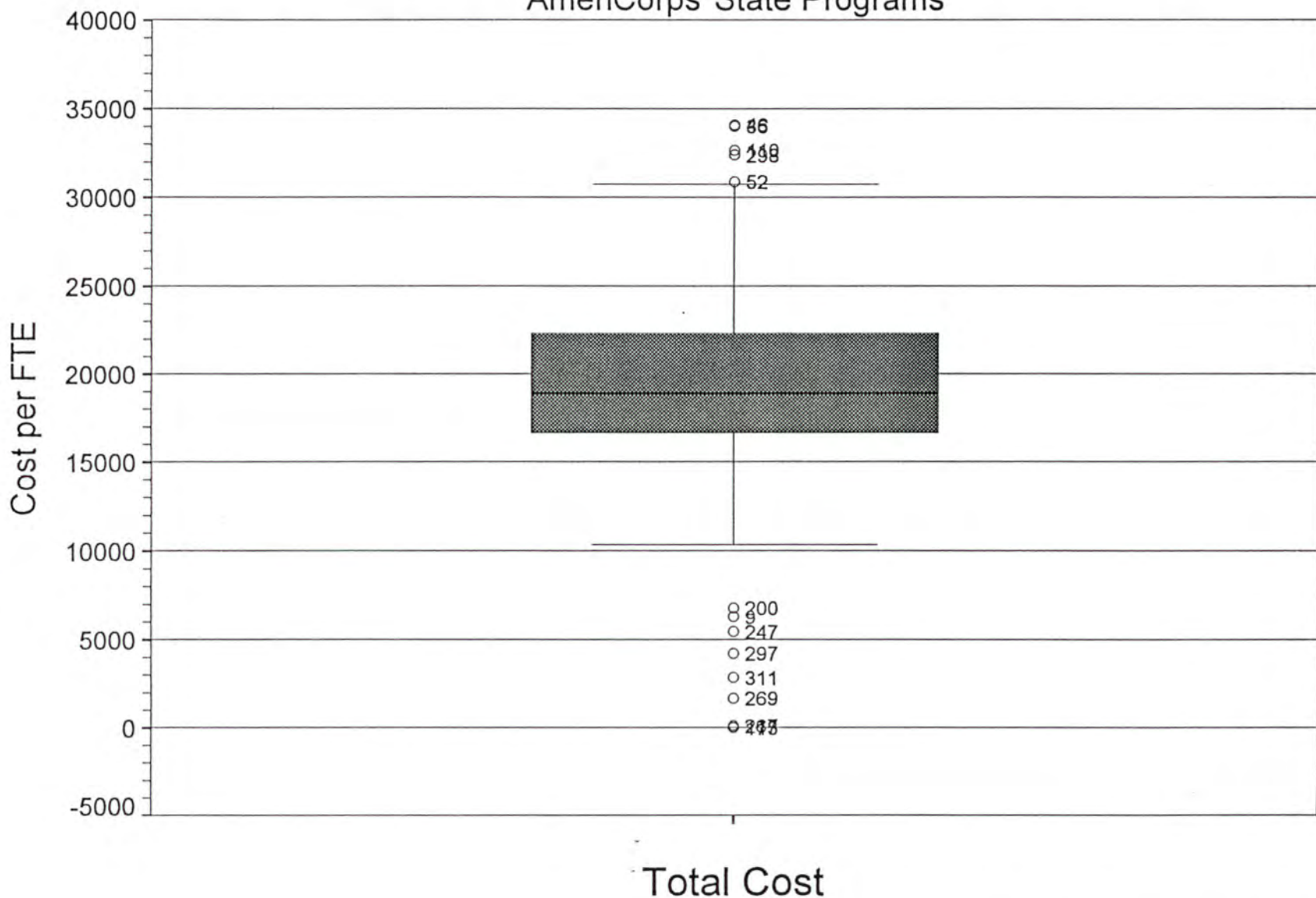
- Fifty percent of all programs fall between \$ 17,000 and \$ 23,000 total program costs per FTE. Almost all cases occur between \$ 11,000 and \$31,000.
- The greatest range, or variation in costs, is found in Staff and Operating Costs. Their shaded boxes are taller and there is a greater distance between the top and bottom lines of the range.
- Very little variation is found in member support, other member costs, evaluation, and administration.

Conclusion: These patterns suggest that the best opportunities to effect cost savings are in the Staff and Operating budgets of our State programs.

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Distribution of Total Program Costs per FTE

AmeriCorps*State Programs

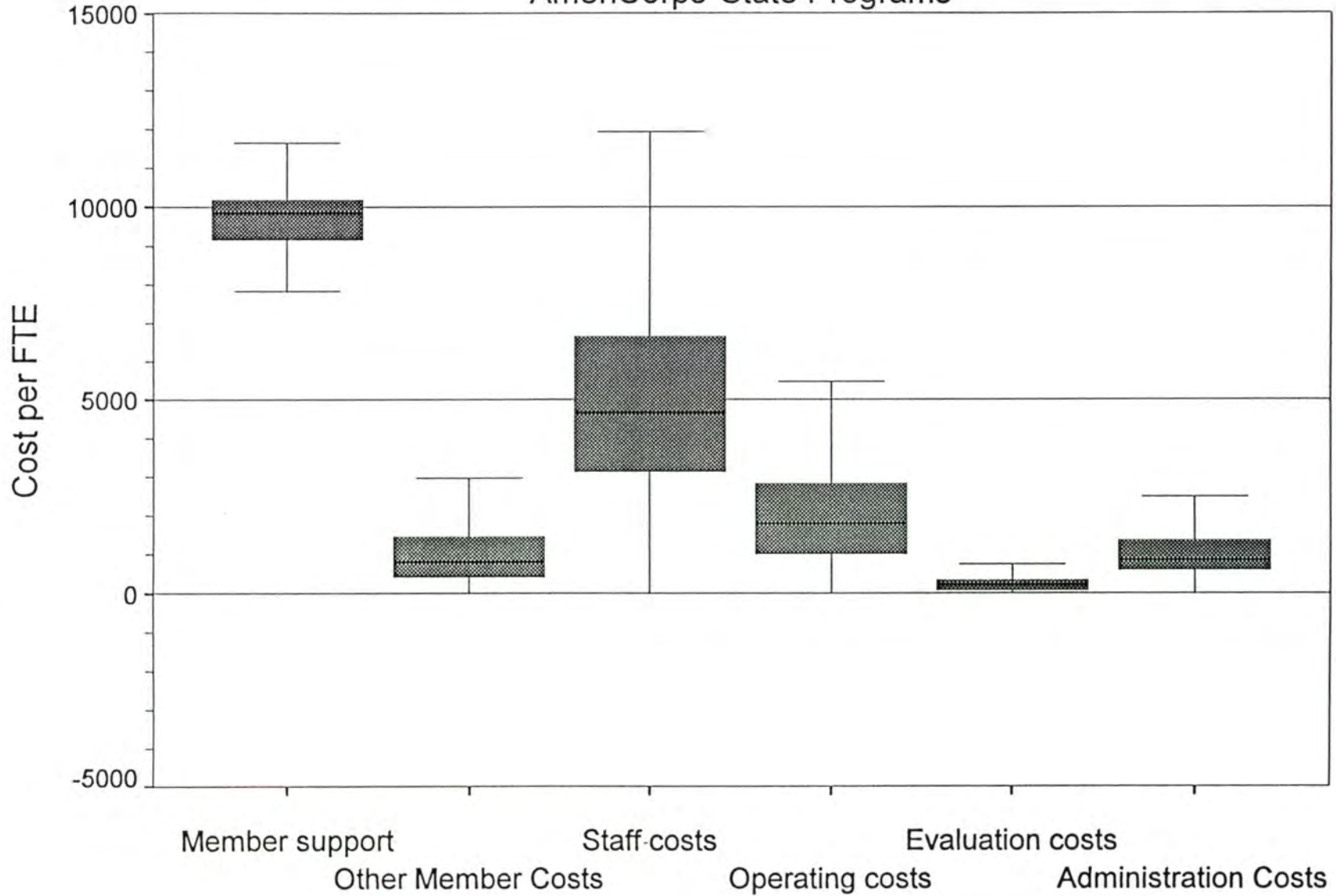


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Distribution of FTE Costs within Budget Components

AmeriCorps*State Programs



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Relationship of Costs to Program Types

I next looked for differences in costs that derive from variations in the type of program. I considered these issues: level of full-time members, individual placements, enrollment of at-risk youth as members, geographic dispersion in local operating sites, and the four priority areas -- education, environment, human needs, and public safety. These were the noticeable results:

- * There is no difference in cost between programs that have a majority full-time members compared to a majority part-time members.
- * Programs with individual placements are approximately \$ 400 per member cheaper than programs without individual placements.
- * Programs that enroll at-risk youth cost \$ 800 per member more than programs that do not.
- * Geographic dispersion of programs has no impact on cost.
- * Environmental programs cost \$ 1,600 more per member than programs not working in that priority area. Those programs that only do environment and nothing else cost \$ 2,600 more per member than the median total fte cost for all programs.
- * Education programs are \$ 1,300 per member less than programs not in education.
- * Public safety programs are approx. \$ 500 per member cheaper than those not in public safety.
- * Those programs that exist primarily to do national service are \$ 900 per member more costly than programs with sponsors that have other, additional agendas.

Conclusion: There are major differences in the budgeted cost of programs depending on the type of member (at-risk youth cost more), the programming approach (individual placements cost less), and the subject matter (environmental programs are more costly, while education and public safety programs are cheaper).

Costs in a Typical State Program

To look at what a "typical program" might cost, I selected a sub-set of the programs using these criteria: a majority of members are full-time, the living allowance falls between the 10th and 90th percentile of all living allowances paid (these eliminated award only and high paying programs), and they are not residential. These gave me a set of 189 programs with these results:

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- * The median total FTE cost in the typical program is \$ 18,410 compared to \$ 18,919 for all programs.
- * Median FTE Member support cost is \$ 9,911, less than \$ 100 more than that for all programs.
- * The biggest difference in costs between the typical program and all programs are found in Staff Costs -- \$ 4,432 in the "typical" program and \$ \$ 4,675, or 243 per member more, in all programs.
- * Comparisons between types of programming revealed these findings:
 - Education programs are \$ 650 per member less expensive than those not in education. Public safety programs are \$ 800 per member cheaper than programs with no public safety component.
 - Environmental programs are \$ 1,200 per member more costly than those programs with no environmental component.
 - Human needs programs are \$ 600 per member more costly than those with no human needs component.
 - Individual placements are \$ 1,000 per member cheaper than not using individual placements.
 - No difference in total cost per member is found between those programs primarily existing to offer national service and those who have other additional missions.
 - Programs enrolling at-risk youth cost \$ 700 more per member than those that do not.

Conclusion: These findings mirror and reinforce the conclusions derived from the larger universe of all State programs. There are major differences in the budgeted cost of programs depending on the type of member (at-risk youth cost more), the programming approach (individual placements cost less), and the subject matter (environmental programs and human needs programs are more costly, while education and public safety programs are cheaper).

Attachment

cc: Tracy Gray

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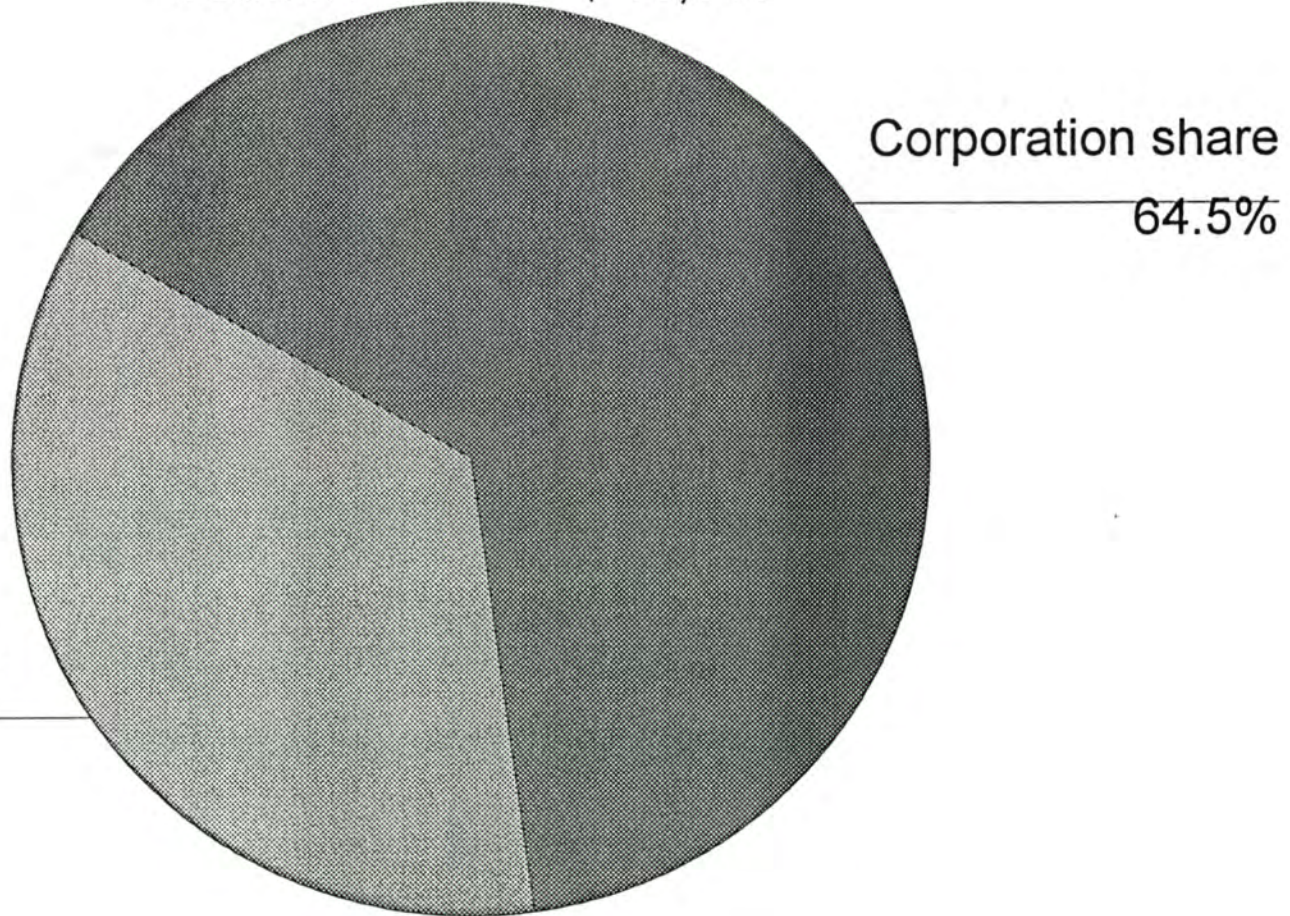
Gary Kowalczyk

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TOTAL COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 18,919



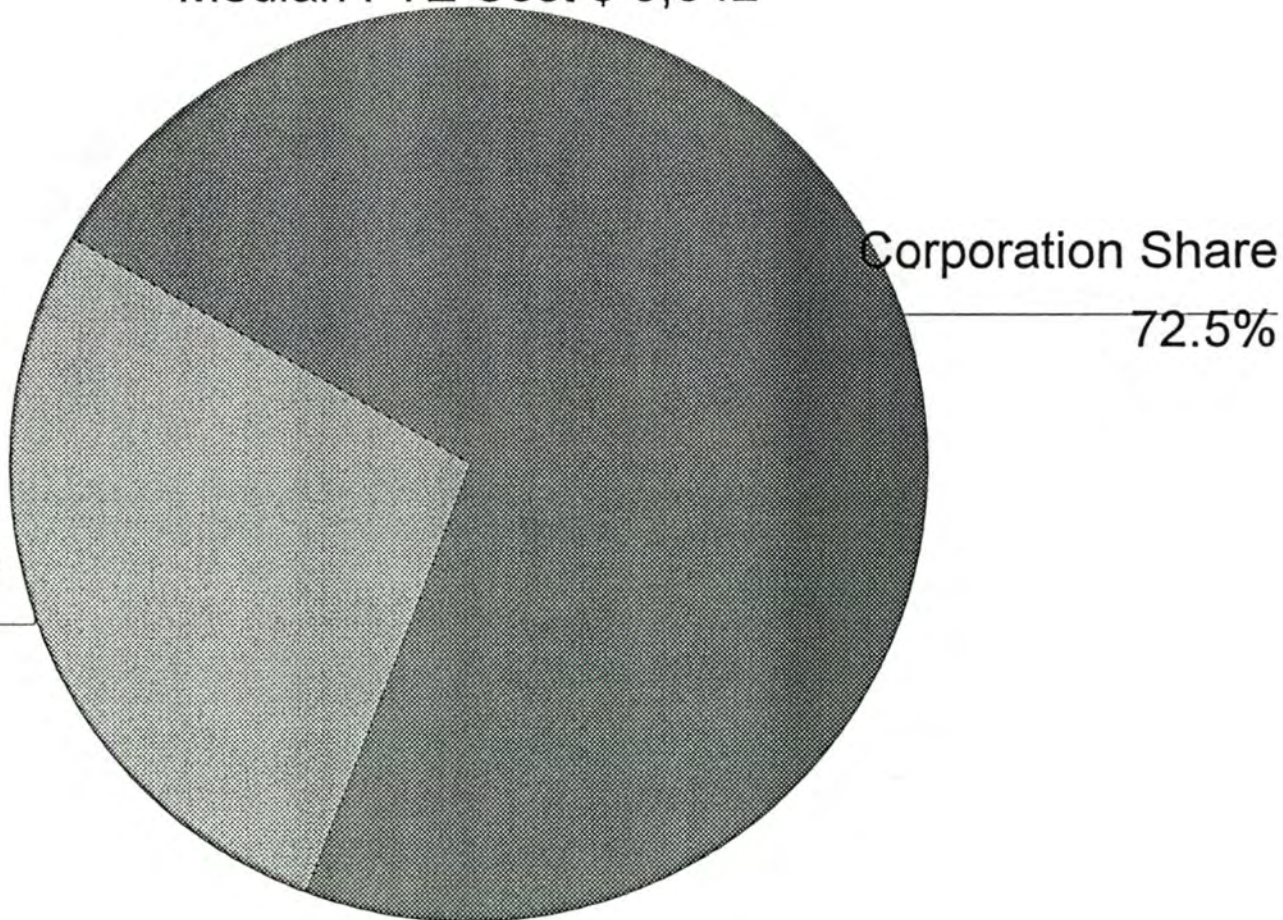
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A. MEMBER SUPPORT COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 9,842



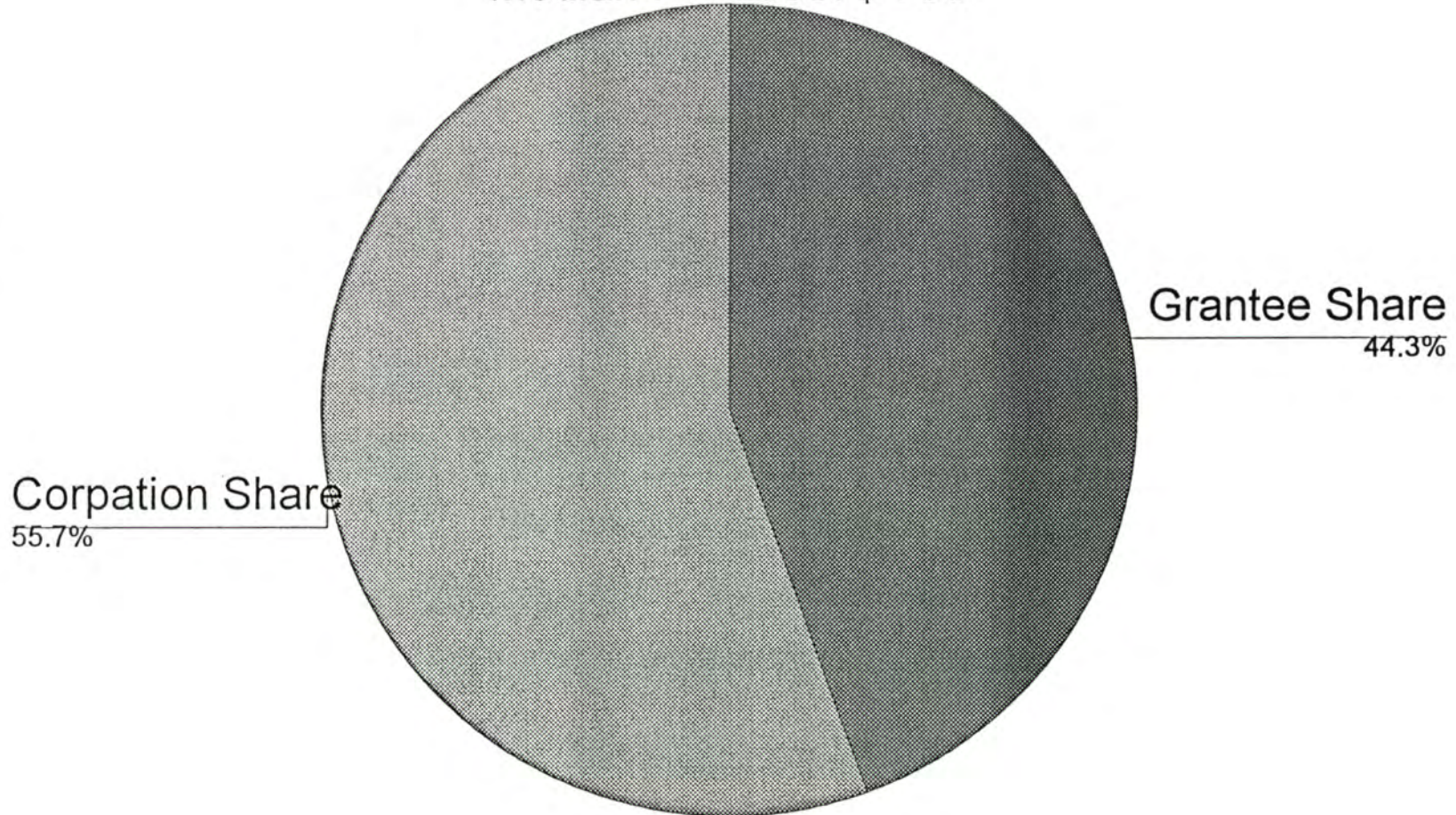
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B. OTHER MEMBER SUPPORT

AmeriCorps*State Programs

Median FTE Cost \$ 796



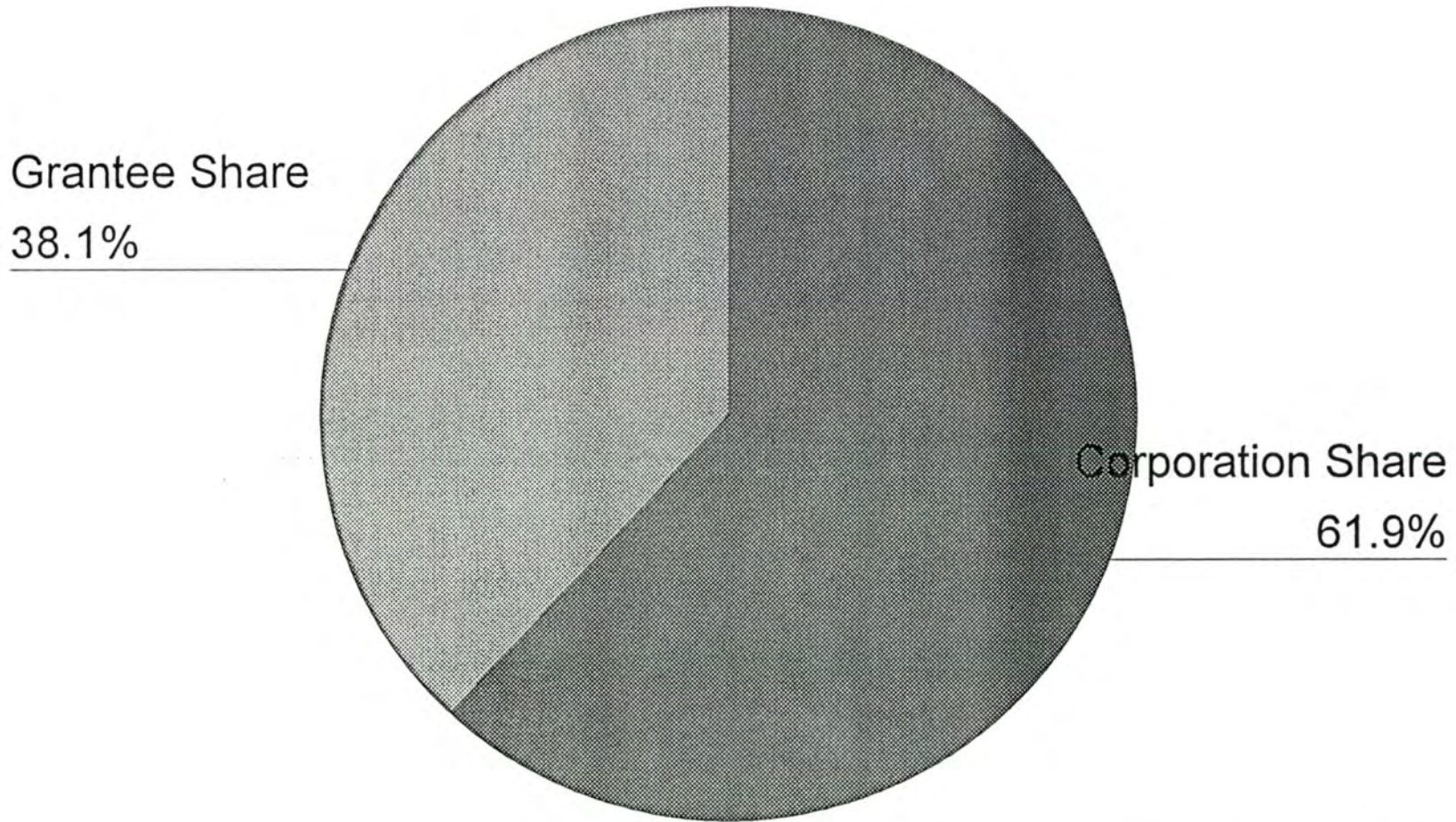
Office of Policy Research

March 8, 1996

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C. STAFF
AmeriCorps*State Programs

Median FTE Cost \$ 4,675



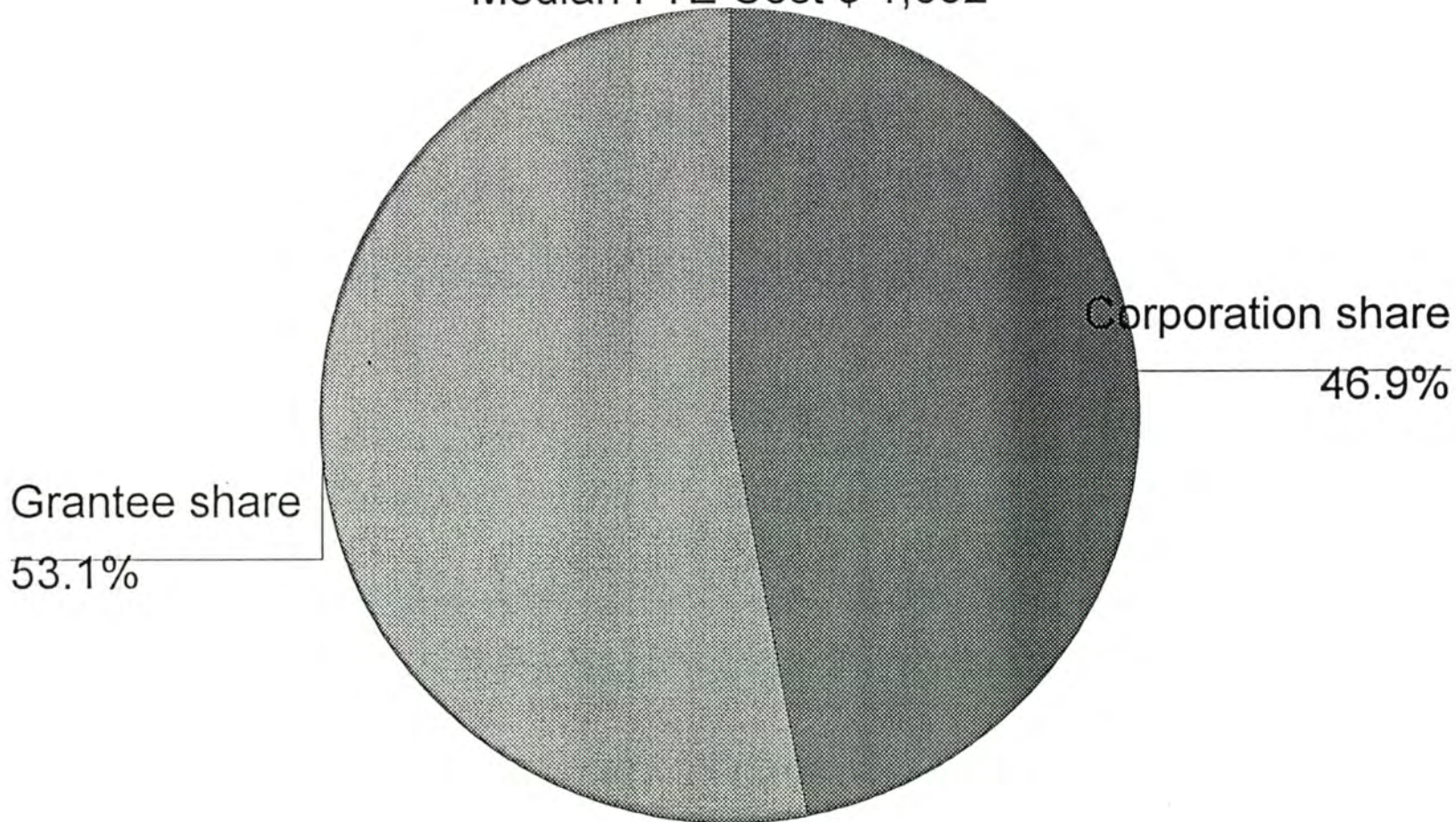
Office of Policy Research

March 8, 1996

D. OPERATING COST

AmeriCorps*State Programs

Median FTE Cost \$ 1,852



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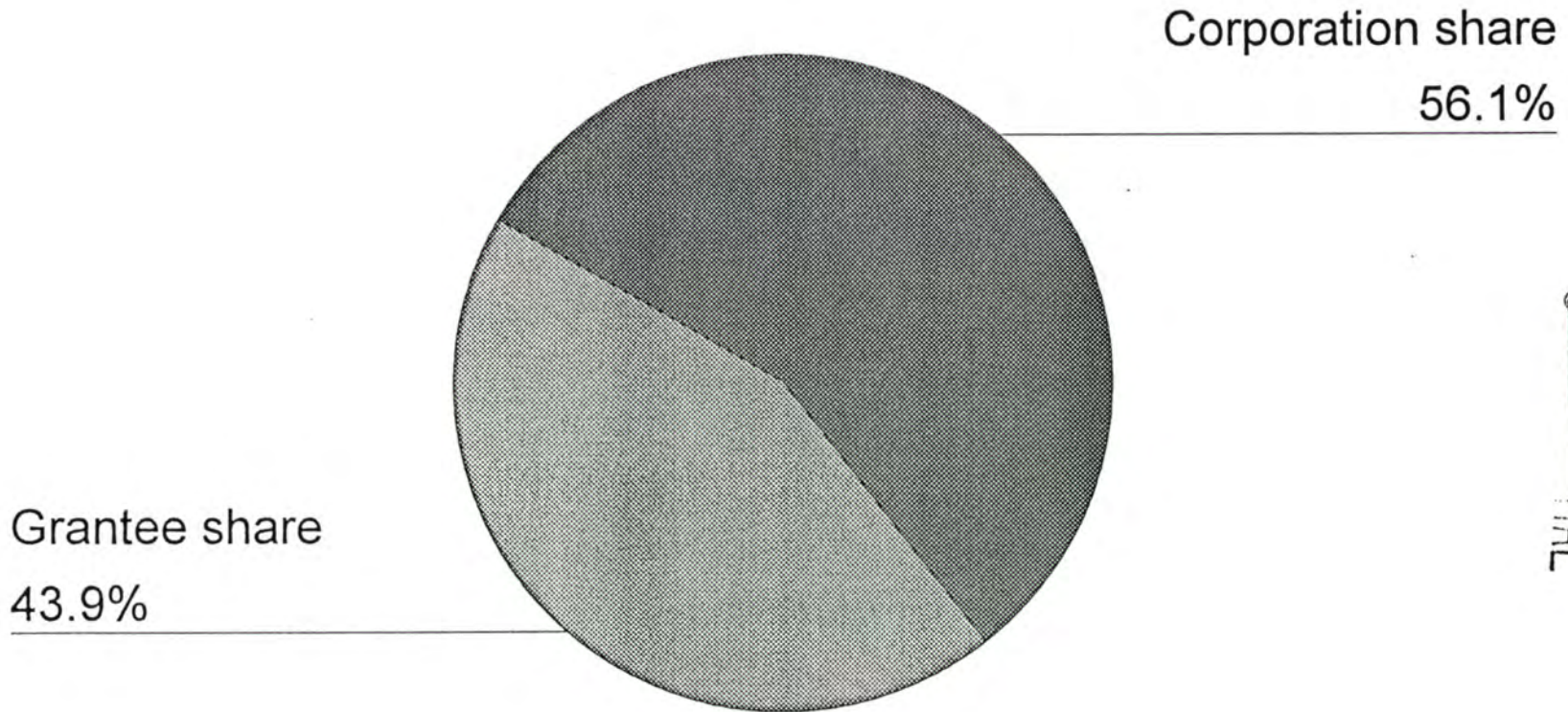
Office of Policy Research

March 8, 1996

E. EVALUATION COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 213



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DETERMINED TO BE AN ADMINISTRATIVE MARKING Per E.O. 13526

Shirley:

Sec. 3.2(C) Initials: JGP Date: 1/16/20

Some words of encouragement on the notion of reducing the number of weeks in which Members finish the program. I got a run of the average actual weeks Members took to complete in 94-95, program by program: For full timers, it was 47; and although the range was 21-60 weeks (yes, 21 weeks...), the programs were generally clustered pretty tightly around 47-48 weeks.

2013-0661-F(2)

We need to keep in mind that the Members will spend two to three weeks of their service year on vacations and sick time, for which they will receive their "fellowship," but will not earn hours.

Thus, I think that the typical program now goes: Members serve for 47 weeks, and are paid therefore about 170./wk, but earn hours during about 44 weeks, which requires them to work about 39 hours/week.

To reduce the overall service period to 44 weeks, Members would have to do earn their hours in probably 41 or 42 weeks, which would require them to work 41-42 hours/week. That part is, it seems, all good.

In fact, the only touchy part is that if programs are finishing in 47 weeks, most are not going to try to cap pay at \$150, which would mean reducing members' pay quite a bit, but rather, would want to keep it nearer to where they currently are, about \$170. That could eat into our savings.

To see how fast the Member weekly pay eats up our savings, consider these:

Member pay:	Over (wks):	CNS/wk	CNS/YR	CNS SAVINGS	Member hrs/week ¹
\$150	44	\$128	\$5,610	\$1,143	41
\$160	44	\$136	\$5,984	\$769	41
\$170	44	\$145	\$6,358	\$395	41
\$180	44	\$153	\$6,732	\$21	41

So we need to be very sensitive to the relationship between the weeks they serve and their pay, or we could end up saving a lot less money than we hope.

Losing \$20./week for the full-timers is a pretty significant chunk of change, it seems to me. Here are some other models in which they'd lose a little less, work a little more:

Member pay:	Over (wks):	CNS/wk	CNS/YR	CNS SAVINGS	Member hrs/week
\$150	44	\$128	\$5,610	\$1,143	41
\$170	44	\$145	\$6,358	\$395	41
\$170	40	\$145	\$5,780	\$973	45
\$160	42	\$136	\$5,712	\$1,041	43

The last example seems to be a nice compromise. At 43 hrs/wk they'd be working about 4 hours/wk more than they did in 94-95, and earning \$10. less. On the other hand, their service year would be done more than a month sooner than it was in 94-95.

It seems like this is one of the best ways to reduce cost; we'll have to pay careful attention to the implementation in order to achieve the savings and not demoralize the Members.

I'm at 202/966-7598.

¹ Calculated at 2.5 weeks less than the total service year, to account for vacation and sick leave.

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MEMORANDUM FOR DISTRIBUTION

FROM: Harris Wofford and Shirley Sagawa

Re: AmeriCorps Reauthorization and Cost-Cutting Proposal

Date: March 6, 1996

**DETERMINED TO BE AN ADMINISTRATIVE
MARKING Per E.O. 13526**Sec. 3.2(C) Initials: JGP Date: 1/16/20
2013-0661-FLAReauthorization Strategy

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

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

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

Cost-Cutting Proposals

1. Establish cost-savings goals.

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

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

2. Living allowance

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

3. Program costs

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

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

3. Cost-share partnerships

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

might emphasize:

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

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

Summary of Potential Option for Meeting Corporation Cost-Cutting Goals

Average Corporation Costs Where Corporation Supports All Items

<u>Member Costs</u>	<u>Current Program</u>	<u>Reform</u>
Education Award	4,725	4,725
Living Allowance	6,800	up to 6,800
Other	1,800	1,800
Subtotal	13,325	up to 13,325
Program grant	5,500	up to 5,000
Recruitment, admin., etc. 2/	2,000	2,000
TOTAL	20,775	up to 20,275

**Average, taking into account
cost share proposals/other items** **19,000** **15,000 1/**

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

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

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Don't have anything on mtg w/ Pamela
Call me if you have questions

MEMORANDUM

TO: Shirley Sagawa

FROM: *David*
David Rymph

DATE: March 8, 1996

SUBJ: Cost Analysis of AmeriCorps*State Programs

(h) 703/758-9753

DETERMINED TO BE AN ADMINISTRATIVE MARKING Per E.O. 13526

Sec. 3.2(C) Initials: JGR Date: 1/16/20

This memo reports on my analysis of AmeriCorps*States programs and their costs. Some of the limitations and assumptions of the analysis are:

1. The data come from combining the GARP data base (Jim Deloso) and the Grants Office Budget data base, with some additional elements added from lists compiled by program officers (programs with individual placements, for example).
2. There are some errors in these data that are the results of low maintenance of the data bases. I have not had time to clean them up, but it should be done if any real fine conclusions are needed.
3. In general, the data are sound, however, and I use medians (the 50th percentile) wherever possible to avoid the contamination of extremely and possibly erroneous pull of outliers.
4. I have not had a chance to check my own work, but I have talked it over with others (Chuck and Lance) and have shown them some of the findings.
5. This memo is being thrown together quickly and I apologize for any lack of coherence and the many spelling errors.

RESULTS

Total Program Costs

The first set of findings come from an analysis of all AmeriCorps*State programs for which there were data in the two data bases. There were 365 records or programs entered in the data bases, but not all the data were available on any one variable. In the findings that follow, I am reporting on median costs per FTE using the basic budget categories maintained in the Grants Office data base. These are: total costs, member support costs (living allowance and benefits), other member support (training and uniforms), staff costs, operating costs (travel, transportation, supplies, equipment), internal evaluation, and administration. I also calculated the grantee and

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corporation share of each cost component. The following findings are displayed in a series of pie charts that are attached.

- * The median, **total cost** per FTE in AmeriCorps*State programs is \$ 18,419. The Corporation share is 64.5 percent and the grantee share is 35.5 percent.
- * The biggest components of this cost are member support, staff, and operating costs.
 - Median FTE cost for **member support** is \$ 9,842, with the Corporation paying 72.5 percent and the grantees 27.5 percent.
 - Median FTE cost for **staff** is \$ 4,675 with the Corporation paying 61.9 percent and the grantees 38.1 percent.
 - Median FTE cost for **operating expenses** is \$ 1,852, Corporation share at 46.9 percent and grantees 53.1 percent.
- * Minor components of cost are Other Member Support (training and uniforms) -- median FTE cost \$ 796, internal evaluation -- median FTE cost \$ 213, and administration.
- * These FTE median costs were plotted using a Tukey Box Analysis, shown on next two pages, that show the following for total cost and each budget component:
 - The shaded box contains 50 percent of the programs.
 - The solid line inside the box is the median.
 - The top and bottom lines above each component mark the normative range of costs for that component.
 - There are some cases that lie outside the range, but they are considered outliers and extremes.

Interpreting the box analysis for the budget components provides these findings:

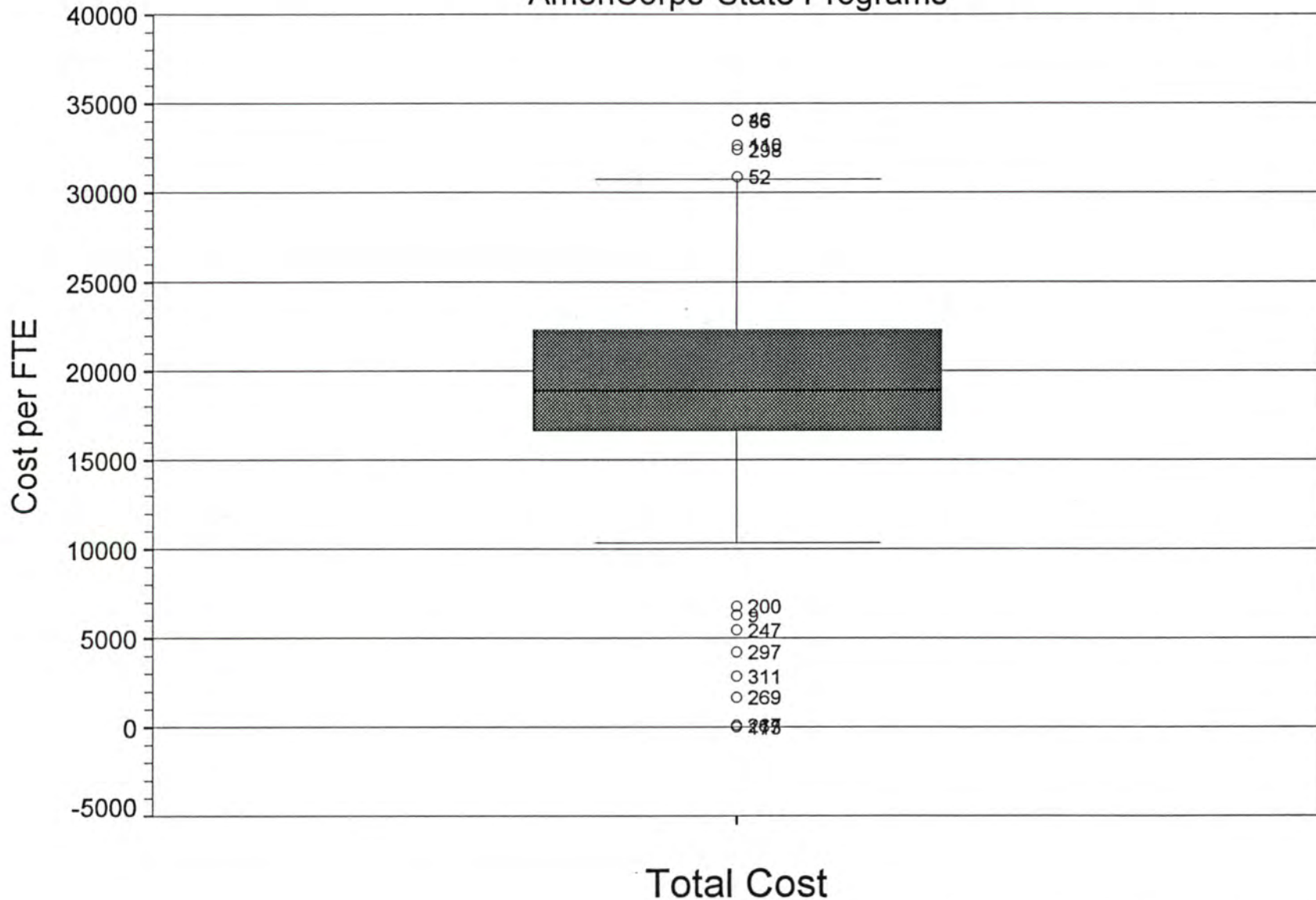
- Fifty percent of all programs fall between \$ 17,000 and \$ 23,000 total program costs per FTE. Almost all cases occur between \$ 11,000 and \$31,000.
- The greatest range, or variation in costs, is found in Staff and Operating Costs. Their shaded boxes are taller and there is a greater distance between the top and bottom lines of the range.
- Very little variation is found in member support, other member costs, evaluation, and administration.

Conclusion: These patterns suggest that the best opportunities to effect cost savings are in the Staff and Operating budgets of our State programs.

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Distribution of Total Program Costs per FTE

AmeriCorps*State Programs

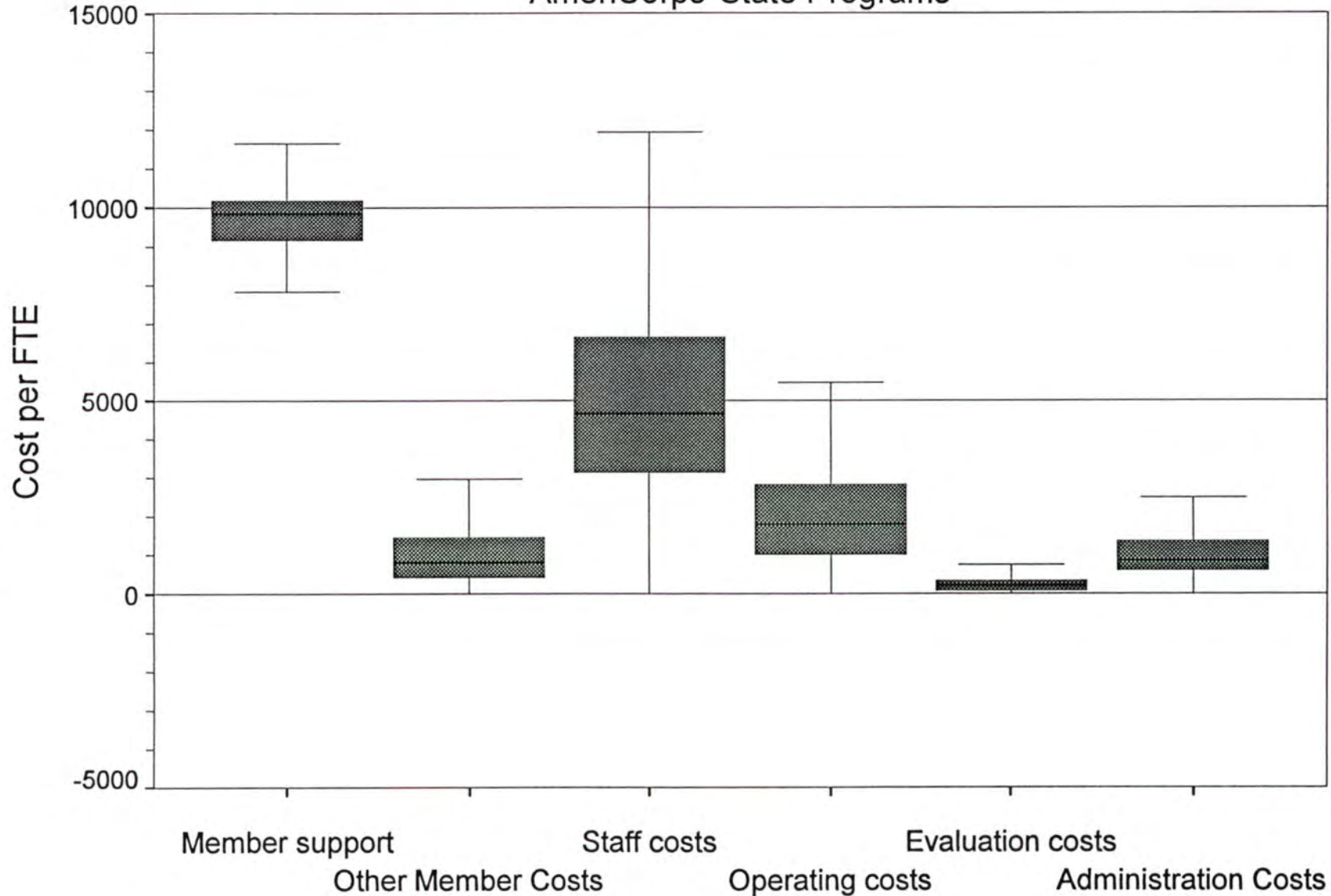


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Distribution of FTE Costs within Budget Components

AmeriCorps*State Programs



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Relationship of Costs to Program Types

I next looked for differences in costs that derive from variations in the type of program. I considered these issues: level of full-time members, individual placements, enrollment of at-risk youth as members, geographic dispersion in local operating sites, and the four priority areas -- education, environment, human needs, and public safety. These were the noticeable results:

- * There is no difference in cost between programs that have a majority full-time members compared to a majority part-time members.
- * Programs with individual placements are approximately \$ 400 per member cheaper than programs without individual placements.
- * Programs that enroll at-risk youth cost \$ 800 per member more than programs that do not.
- * Geographic dispersion of programs has no impact on cost.
- * Environmental programs cost \$ 1,600 more per member than programs not working in that priority area. Those programs that only do environment and nothing else cost \$ 2,600 more per member than the median total fte cost for all programs.
- * Education programs are \$ 1,300 per member less than programs not in education.
- * Public safety programs are approx. \$ 500 per member cheaper than those not in public safety.
- * Those programs that exist primarily to do national service are \$ 900 per member more costly than programs with sponsors that have other, additional agendas.

Conclusion: There are major differences in the budgeted cost of programs depending on the type of member (at-risk youth cost more), the programming approach (individual placements cost less), and the subject matter (environmental programs are more costly, while education and public safety programs are cheaper).

Costs in a Typical State Program

To look at what a "typical program" might cost, I selected a sub-set of the programs using these criteria: a majority of members are full-time, the living allowance falls between the 10th and 90th percentile of all living allowances paid (these eliminates ed award only and high paying programs), and they are not residential. These gave me a set of 189 programs with these results:

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- * The median total FTE cost in the typical program is \$ 18,410 compared to \$ 18,919 for all programs.
- * Median FTE Member support cost is \$ 9,911, less than \$ 100 more than that for all programs.
- * The biggest difference in costs between the typical program and all programs are found in Staff Costs -- \$ 4,432 in the "typical" program and \$ \$ 4,675, or 243 per member more, in all programs.
- * Comparisons between types of programming revealed these findings:
 - Education programs are \$ 650 per member less expensive than those not in education. Public safety programs are \$ 800 per member cheaper than programs with no public safety component.
 - Environmental programs are \$ 1,200 per member more costly than those programs with no environmental component.
 - Human needs programs are \$ 600 per member more costly than those with no human needs component.
 - Individual placements are \$ 1,000 per member cheaper than not using individual placements.
 - No difference in total cost per member is found between those programs primarily existing to offer national service and those who have other additional missions.
 - Programs enrolling at-risk youth cost \$ 700 more per member than those that do not.

Conclusion: These findings mirror and reinforce the conclusions derived from the larger universe of all State programs. There are major differences in the budgeted cost of programs depending on the type of member (art-risk youth cost more), the programming approach (individual placements cost less), and the subject matter (environmental programs and human needs programs are more costly, while education and public safety programs are cheaper).

Attachment

cc: Tracy Gray

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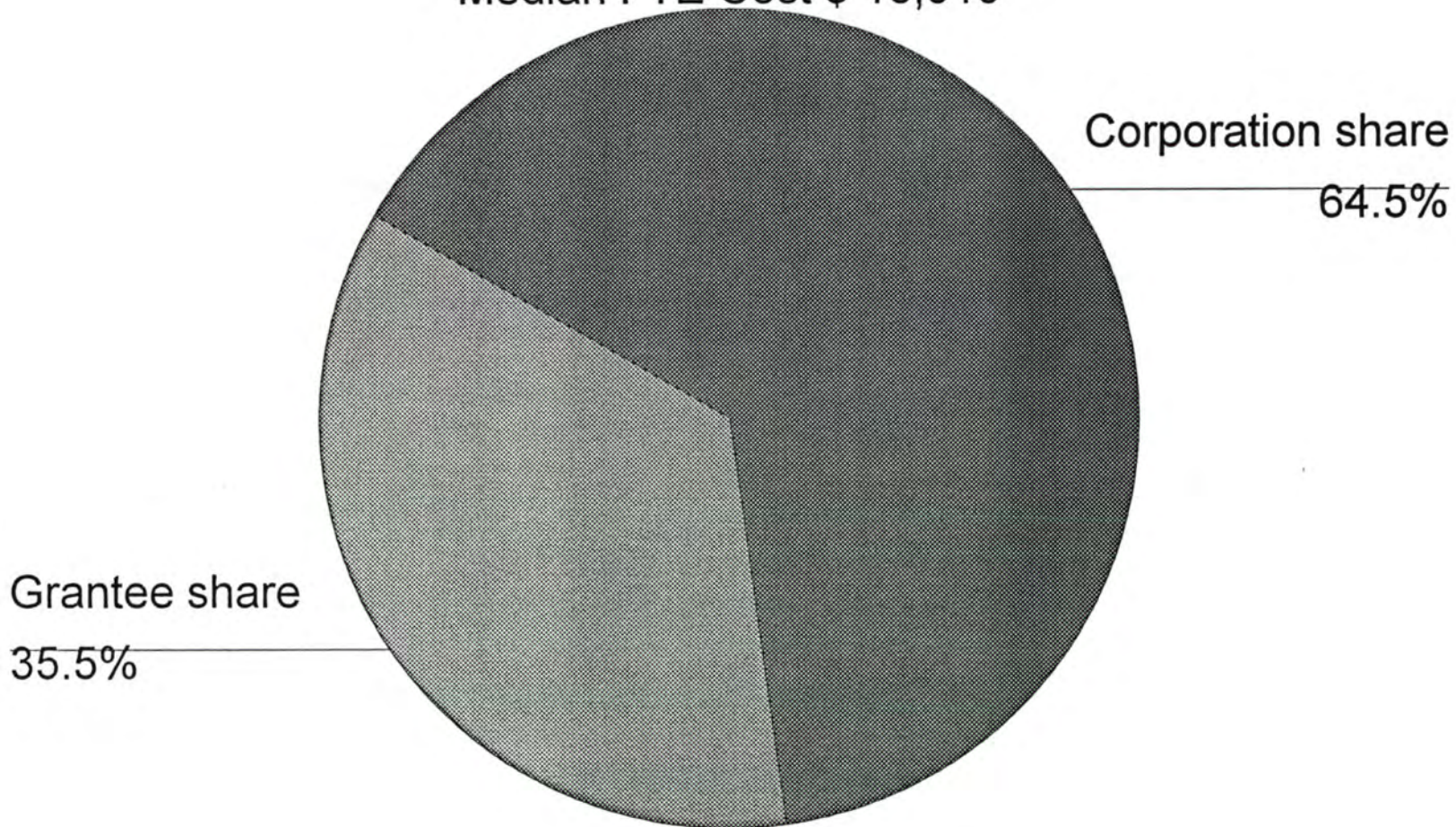
Gary Kowalczyk

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TOTAL COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 18,919



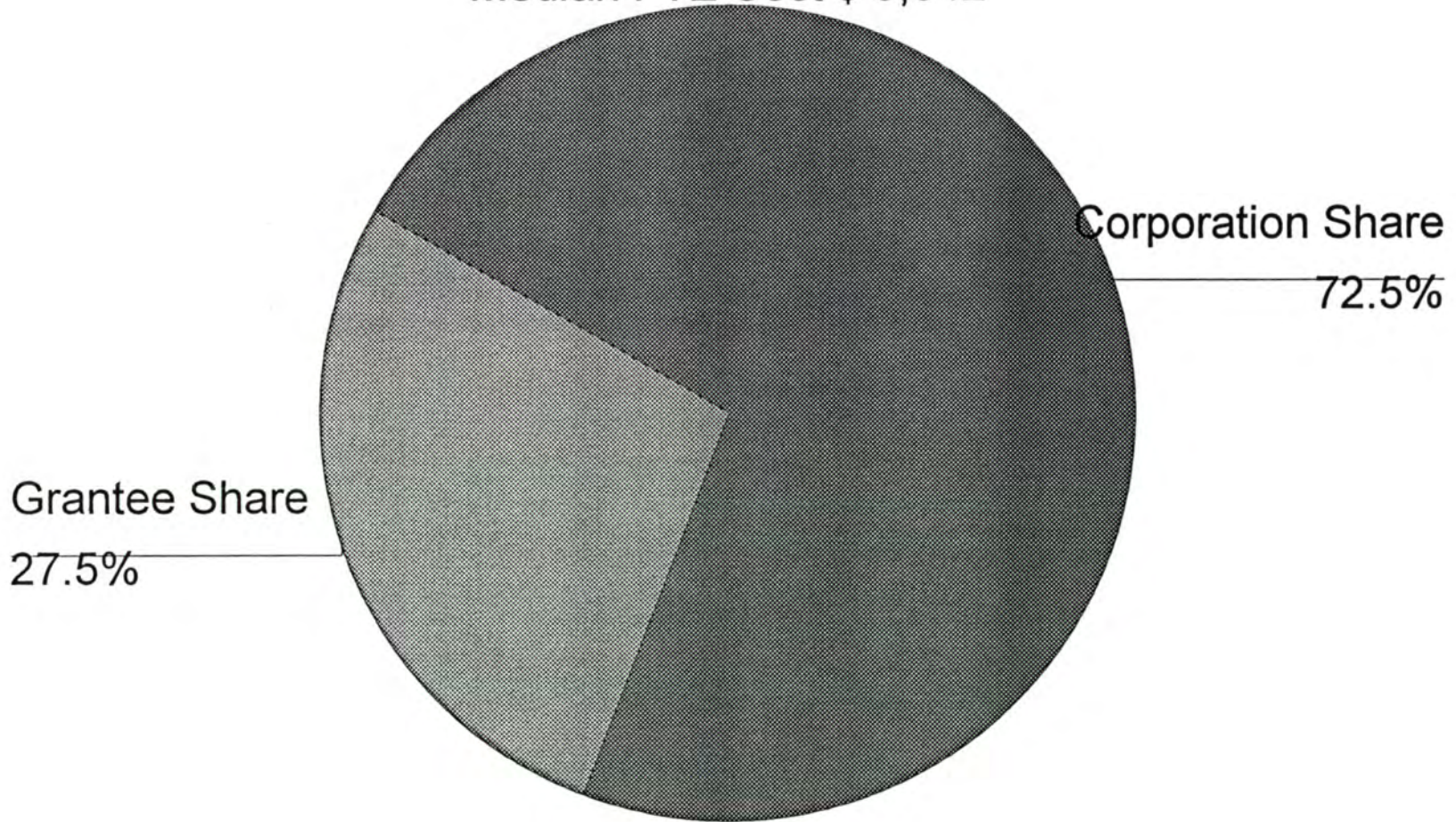
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A. MEMBER SUPPORT COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 9,842



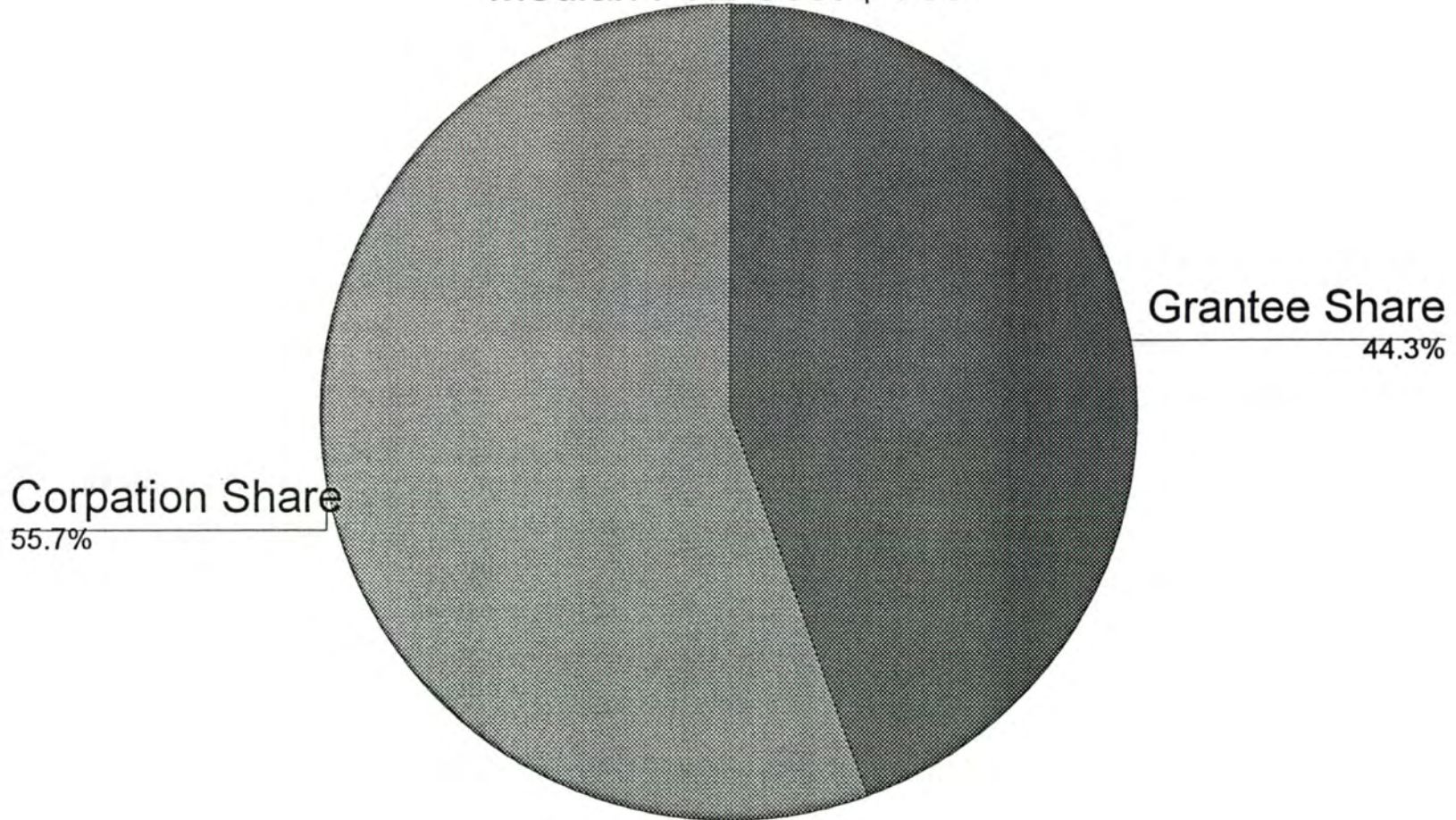
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B. OTHER MEMBER SUPPORT

AmeriCorps*State Programs

Median FTE Cost \$ 796



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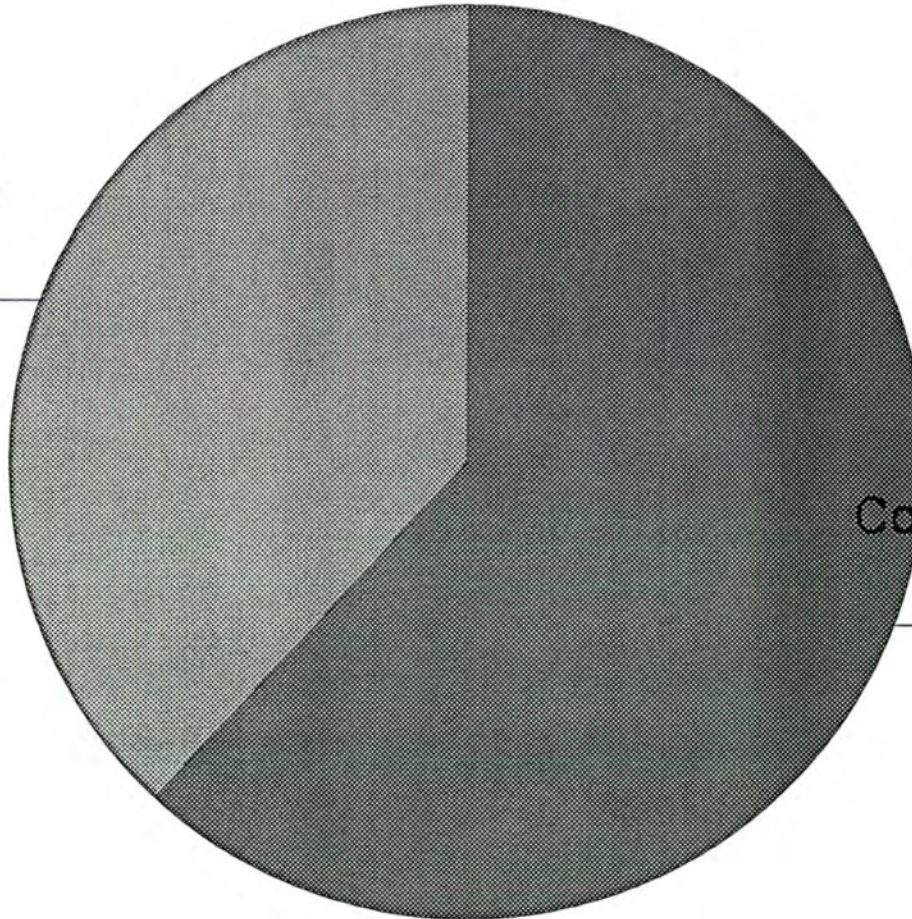
Office of Policy Research

March 8, 1996

C. STAFF
AmeriCorps*State Programs

Median FTE Cost \$ 4,675

Grantee Share
38.1%



Corporation Share
61.9%

Office of Policy Research

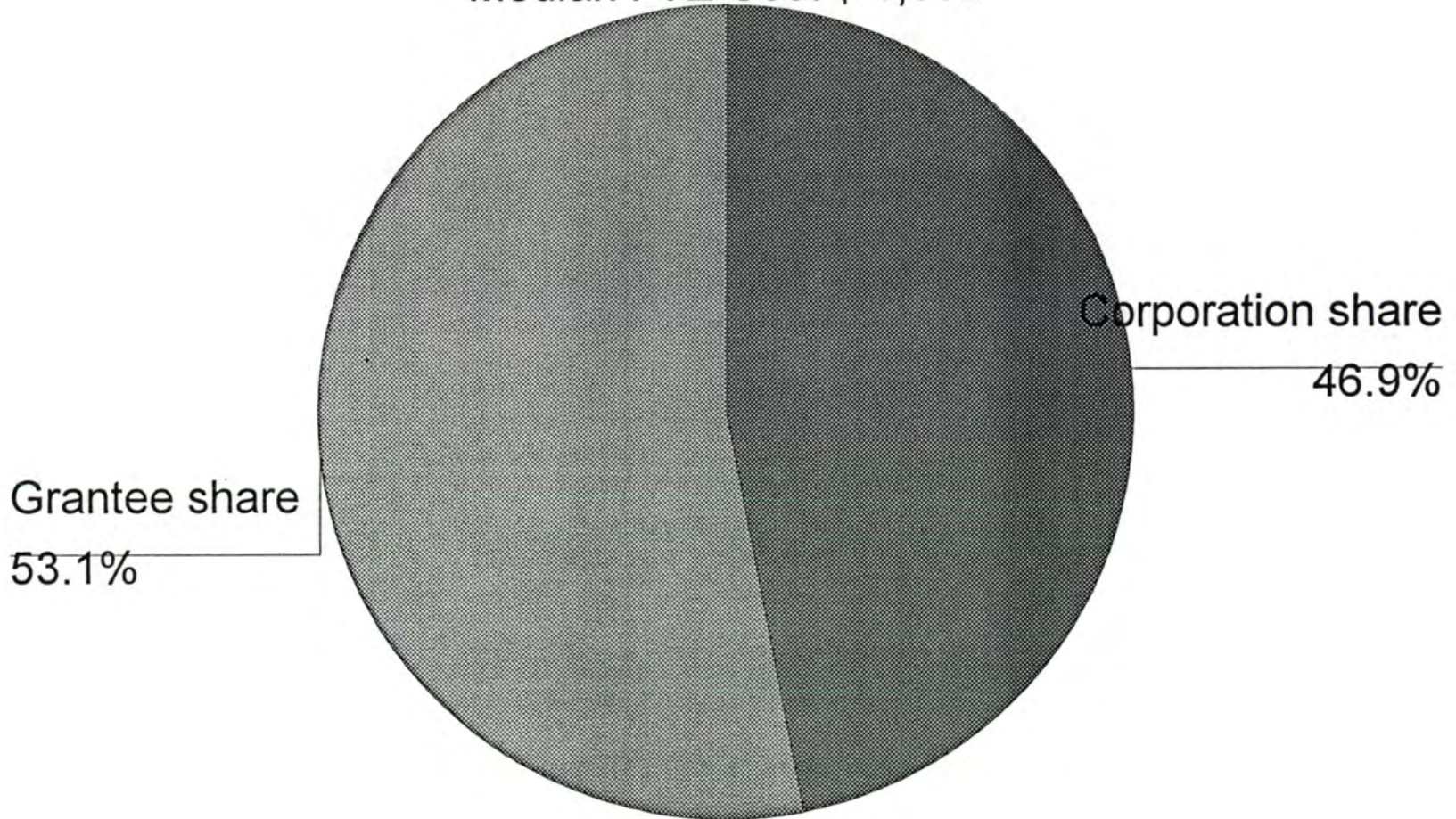
March 8, 1996

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D. OPERATING COST

AmeriCorps*State Programs

Median FTE Cost \$ 1,852



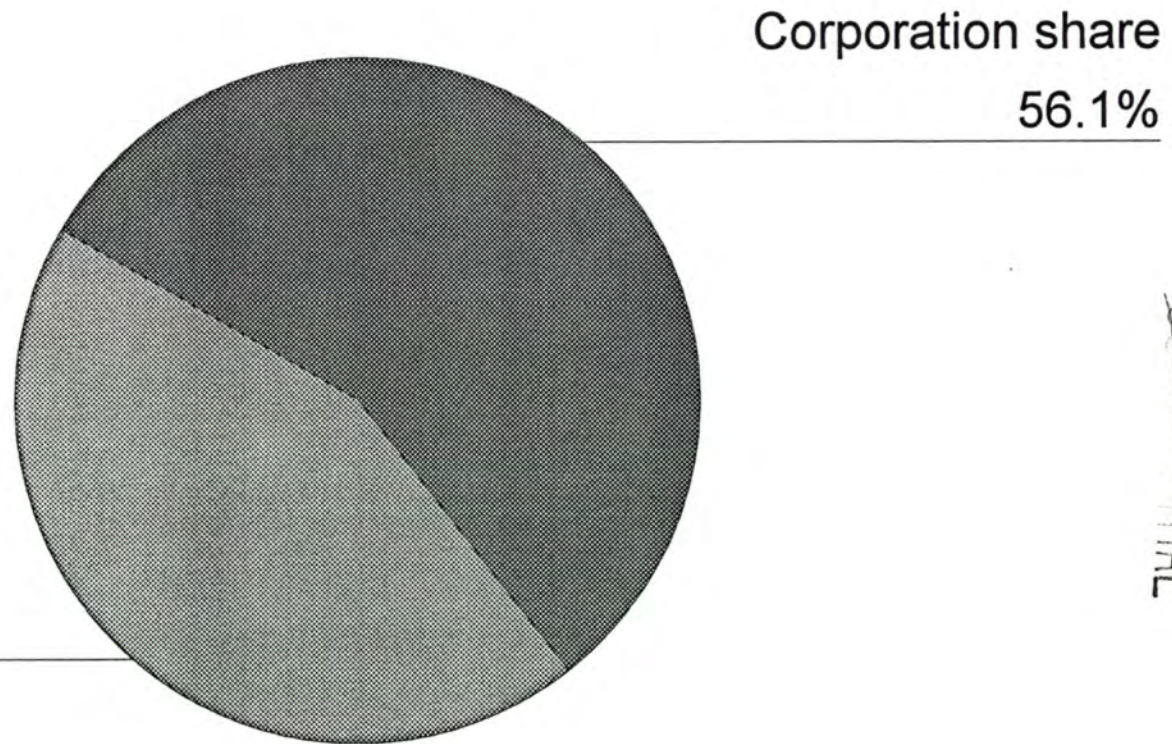
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E. EVALUATION COSTS

AmeriCorps*State Programs

Median FTE Cost \$ 213



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Sec. 3.2(C) Initials: JGP Date: 1/16/20
2013-0661-F(2)

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Shirley:

Some words of encouragement on the notion of reducing the number of weeks in which Members finish the program. I got a run of the average actual weeks Members took to complete in 94-95, program by program: For full timers, it was 47; and although the range was 21-60 weeks (yes, 21 weeks...), the programs were generally clustered pretty tightly around 47-48 weeks.

We need to keep in mind that the Members will spend two to three weeks of their service year on vacations and sick time, for which they will receive their "fellowship," but will not earn hours.

Thus, I think that the typical program now goes: Members serve for 47 weeks, and are paid therefore about 170./wk, but earn hours during about 44 weeks, which requires them to work about 39 hours/week.

To reduce the overall service period to 44 weeks, Members would have to do earn their hours in probably 41 or 42 weeks, which would require them to work 41-42 hours/week. That part is, it seems, all good.

In fact, the only touchy part is that if programs are finishing in 47 weeks, most are not going to try to cap pay at \$150, which would mean reducing members' pay quite a bit, but rather, would want to keep it nearer to where they currently are, about \$170. That could eat into our savings.

To see how fast the Member weekly pay eats up our savings, consider these:

Member pay:	Over (wks):	CNS/wk	CNS/YR	CNS SAVINGS	Member hrs/week ¹
\$150	44	\$128	\$5,610	\$1,143	41
\$160	44	\$136	\$5,984	\$769	41
\$170	44	\$145	\$6,358	\$395	41
\$180	44	\$153	\$6,732	\$21	41

So we need to be very sensitive to the relationship between the weeks they serve and their pay, or we could end up saving a lot less money than we hope.

Losing \$20./week for the full-timers is a pretty significant chunk of change, it seems to me. Here are some other models in which they'd lose a little less, work a little more:

Member pay:	Over (wks):	CNS/wk	CNS/YR	CNS SAVINGS	Member hrs/week
\$150	44	\$128	\$5,610	\$1,143	41
\$170	44	\$145	\$6,358	\$395	41
\$170	40	\$145	\$5,780	\$973	45
\$160	42	\$136	\$5,712	\$1,041	43

The last example seems to be a nice compromise. At 43 hrs/wk they'd be working about 4 hours/wk more than they did in 94-95, and earning \$10. less. On the other hand, their service year would be done more than a month sooner than it was in 94-95.

It seems like this is one of the best ways to reduce cost; we'll have to pay careful attention to the implementation in order to achieve the savings and not demoralize the Members.

I'm at 202/966-7598.

¹ Calculated at 2.5 weeks less than the total service year, to account for vacation and sick leave.

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