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Memorandum to Harris Wofford

From: **The Reauthorization Group**
(Debbie Jospin, Myung Lee, Stu Loeser, Terry Russell, Shirley Sagawa, Jim Scheibel, Gene Sofer, Barry Stevens, Steve Waldman)

Date: November 27, 1996

As you may recall, the Reauthorization Group met for most of the day last Tuesday to begin to resolve the issues surrounding reauthorization of the national service acts. On Friday, we sent you a memo outlining the "big picture" considerations - streamlining some or all of our funding pools. (The text of that memo is included at the end of this document.)

This memo reviews the other topics the Group discussed last Tuesday, highlighting decisions that were made and outlining options for issues that remain undecided.

The Reauthorization Group met again yesterday. Shortly after the Thanksgiving holiday, we will present you with a memo outlining the results of this second day-long meeting.

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ISSUES ON WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD OPTIONS FOR YOUR DECISION

INCOME DISREGARD

THE REAUTHORIZATION GROUP HAS NOT COME TO AGREEMENT ON THIS ISSUE.

DISCUSSION: The Domestic Volunteer Service Act has an "income disregard" provision which allows the VISTA living allowance to be disregarded when calculating eligibility for public benefits. Under the National and Community Service Act, a Member's living allowance is calculated as "earned income" for purposes of determining eligibility for any assistance provided under the Social Security Act (ex. Aid to Families with Dependent Children, Social Security Income, Social Security Disability Income).

AmeriCorps State and National programs have repeatedly asked that we amend the National and Community Service Act to allow for an income disregard. They argue that the calculation of the living allowance as income discourages or prohibits "welfare" recipients from participating in AmeriCorps programs and thereby hinders the programs from recruiting a diverse pool of Members. Additionally, and perhaps more importantly, Aid to Families with Dependent Children is provided to families and if an individual is deemed ineligible to receive that assistance, she may also lose child care and health insurance for her children. While AmeriCorps programs would pick up the child care costs, health care would not be provided to the Members' children.

Some of the Group argue vociferously that AmeriCorps Members should not receive public assistance. However, we agree that if we raise this issue with Congress to ask for a change for the AmeriCorps State and National programs, Congress may do the opposite of what the field is seeking and eliminate the income disregard provision for the VISTA Members. Because jurisdictional issues would make any change politically unlikely, most members of the Reauthorization Group are **leaning towards recommending to leave the current system as is.**

TERMS OF SERVICE

THE REAUTHORIZATION GROUP HAS NOT COME TO AGREEMENT ON THIS ISSUE.

DISCUSSION: Currently, the two statutes dictate different lengths of time that an individual may serve as a participant in a particular stream of AmeriCorps service while receiving Federal benefits - living allowance, health care, child care. For example, the Domestic Volunteer Service Act permits an individual to serve as a VISTA for a total of 5 years. The National and Community Service Act, however, restricts individuals to only 2 terms of service as an AmeriCorps State/National Member. A term of service can be part-time, full-time or reduced part-time (ex. Summer programs). Similarly, the statute also restricts individuals who wish to serve with NCCC to two terms.

In all cases, an AmeriCorps Member - whether VISTA, State/National, or NCCC - may only receive education awards for the first two terms of service.

Several issues arise with regard to a Member's "term of service" and Federal benefits, including education awards.

Because a "term of service" is defined in the statute as being full-time, part-time or reduced-part time, a Member that has served in a summer program (reduced part-time) has "used up" one term of service for the purposes of Federal benefits and education award.

Specifically regarding education awards, some staff argue that corpsmembers should be allowed to serve up to a total of two full-time-equivalent programs to eliminate our all-too-common "parity programs." This would allow for (for instance) two years of part-time service in a school with a full-time summer program for the students in between. More important, it would address the inequality of the "expanded opportunity" for a corpsmember who serves in a summer program and then a year in a part-time program. She would then be nudged out of the national service program having earned less than one full-time education award. This seems inconsistent with our mission of expanding educational opportunity, particularly because many feel the full education award is already too low.

Other staff argue against this, pointing out that (for instance) this would allow an individual to serve in a summer program every year between her sixteenth and twenty-fourth birthdays. In such a situation, it would be difficult not to develop a "jobs" mentality about national service. In addition, it would be inconsistent with the Corporation's mission of expanding educational opportunity if the same individual were permitted to serve for an extended period of time (while taking opportunities that would otherwise go to various individuals). Moreover, staff who hold this opinion argue that while we have had significant complaints from corpsmembers who were not aware of the limitations on benefits, most stem from poor communication in the early days of AmeriCorps that have now improved.

As a whole, the Group advocates a review of this issue, including administrative burdens on programs (e.g. record keeping) and Corporation staff (e.g. the National Service Trust).

AMERICORPS FIXED GRANTS AND MATCH

ISSUES: **The Group recommends that the Corporation codify it current "fixed average/fixed grant" approach. The Group is undecided whether match requirements should be eliminated.**

DISCUSSION: For the next grant cycle, AmeriCorps State programs are required to meet a fixed average cost per Member with a cap on the maximum cost per Member for any individual program. National Direct programs have a fixed cap on cost per Member rather than a fixed average. The Group notes that this system may need adjustment when any newly-streamlined State Commission structure is implemented.

Eliminating the match requirement may cause some to argue that we are retreating on our commitment to private sector support or keeping track of where the program funds are coming from. In reality, we are simplifying the system and reducing Washington-based micromanagement significantly. The set Corporation average cost-per-member, even at the current level, is low enough that grantees have to find other resources to operate the programs.

Liberalization of the structure would greatly enhance programs' fund raising potential, particularly if we were to make the Corporation's grant approximately the size of the AmeriCorps Members' stipend and benefits, without requiring that Corporation dollars be used for those purposes. Grantees could have private sources fund what they (the private sources) are most likely to want to support - corpsmembers' stipends - than what they often have to now (administrative assistance and overhead).

The Group agrees that if we do keep the match requirements, the statute should be amended to require programs to match a percentage of our grant rather than a percentage of the program cost. This would bring us towards more accurate accounting and away from "total available resources" considerations.

The Group suggests Senior programs and VISTA should have a "challenge" grant to encourage a "match."

RECOMMENDATIONS WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD TO YOU FOR APPROVAL

EDUCATION AWARDS

WE ADVISE: **The Group recommends we keep the education award amount at $4,725 but endeavor to make it "non-taxable"; amend the statute to expand the definition of "qualified student loans"; eliminate the cash stipend option for both AmeriCorps*NCCC and AmeriCorps*VISTA members; and continue to prohibit transferability of education awards for AmeriCorps members. If education awards become available for RSVPs, these and only these awards could be transferable.**

DISCUSSION: Retaining the current education award amount would prevent strong opposition from Veteran's groups and criticism that we're raising the cost per member.

At the same time, treating the education award like other non-taxable federal "awards" (e.g. Peace Corps readjustment stipend and Veteran's benefits) would represent a significant increase in the real amount awarded to national service participants without any increase in our cost-per-member calculations.

Because of the current statute's definition of "qualified student loans", some AmeriCorps Members were unable to use their education awards to repay loans that were clearly part of their approved financial aid package but were not made, insured, or guaranteed by the federal government. For example, a student loan made by the State of Alaska to a resident of Alaska is not a "qualified student loan" under the current definition. The

Group agreed that the definition of student loans eligible for repayment should be slightly expanded, and has asked staff to research how to do so.

Currently, cash post-service benefit is available as an alternative to the education award for AmeriCorps*VISTA Members but not for participants in AmeriCorps grants programs. (The NCCC has authorization for cash awards but has opted not to offer them). Although the cash alternative benefits some who might otherwise not utilize an education award, staff is concerned about equity and consistency across programs.

The Group believes that responsibility and opportunity for one's self are fundamental tenets of the President's vision of national service, and the education awards should only be used by the individual who earned them.

However, if service as an RSVP is to qualify as an "approved national service position" (perhaps in certain demonstration programs), RSVPs who serve enough hours should earn education awards. Because all RSVPs are necessarily 55 or older, as a group they should be allowed to transfer the education award in relatives' (children, grandchildren, etc.,) names. (Payment directly to schools, approved lending institutions, etc. would be retained.)

MINIMUM HOURS OF SERVICE

WE ADVISE: **The Group feels strongly that the current requirements for AmeriCorps State/National and NCCC Members to serve at least 1700 hours for a full-time education award and at least 900 hours for a part-time education award be retained. The Group advises against changing the minimum hours required, and for bringing AmeriCorps*VISTA members under the same standard.**

DISCUSSION: The "1700 hours minimum" requirement was derived at in order to ensure that Members serve at least 35-40 hours per week during the 9 - 12 months of their program year. (Ex. In a 12 month program, a Member will provide an average of 38 hours per week with some "cushion" of approximately one month built in for illness, personal leave, etc.) Programs at the local levels require this degree of flexibility in design to determine the length of their program year because certain – e.g. environmental – programs are better suited to complete their program year in 9 months rather than 12 months. Requiring a number of hours greater than the 1700 hours would increase Member attrition and limit local control in program design.

Corporation regulations currently require programs to ensure that at least 80 percent of the aggregate number of service hours performed by Members (at least 1360 hours per Member) are on direct service activities. **To increase the number of direct service hours performed without decreasing the essential training and education provided to Members, the Group recommends that the 80/20 rule be changed to 85/15 (at least 1445 hours per Member) when our Regulations are re-written.**

The Group considered an alternative fix – to **eliminate the reference to hours and replace with VISTA-type language about being on-call 24 hours a day**. This would get the programs out of the business of counting hours. However, without the minimum number of required service hours, programs might get more lax. Programs funded under the Commission on National and Community Service did not have minimum number of required service hours. Our experience shows that in situations where minimum number of service hours aren't required, programs often serve much less than 1700 hours. The 24 hours a day rule would also prohibit AmeriCorps members who need to take part-time jobs to help their families afford basic necessities from doing so. Experience shows that many will take extra jobs anyway. In fact, the Group recommends that for the reasons stated above (as well as for consistency), the Domestic Volunteer Service Act should be amended to require AmeriCorps*VISTA members to serve at least 1700 hours of service.

The statute should be amended to ensure that AmeriCorps Members are exempted from the Fair Labor Standards Act and similar State laws. Some programs are currently required, under State law, to treat Members as "employees" and to pay overtime, comp time and minimum wage.

COUNTING LIVING ALLOWANCE MONTHLY

WE ADVISE: **The Group agrees that the statute should be amended to designate an amount of living allowance distributed to an AmeriCorps*State or *National Member is based on a monthly basis rather than an annual basis in order to eliminate the disparities between different programs. AmeriCorps VISTA Members' living allowance should remain as is.**

DISCUSSION: Under the current statute, all full-time Members receive a statutorily determined minimum amount of living allowance per year. Because programs are permitted to determine the length of the program year and to distribute the total yearly amount over that length of time, Members may receive different amounts per month depending on the program design. (Ex. Based on the full-time living allowance provided to Members this year – $7,945 – a Member serving in a 10 month program will receive $794.50 per month while a Member serving in a 12 month program will receive only $662 per month.) For the sake of retaining parity among programs, the Group recommends moving to a monthly scale.

Direct Benefit for For-Profit Organizations

WF ADVISE: **The Group suggests allowing AmeriCorps programs and Members to provide direct benefit to for-profit organizations under certain circumstances as described by the Corporation.**

DISCUSSION: The statute prohibits AmeriCorps State and National programs and Members from providing direct benefit to for-profit organizations. This prohibition becomes an issue with programs that work with partner organizations or host sites that are technically "for-profit" but are not really making any profit, such as home-based child care agencies, small family-owned farms, and micro-enterprise communities. Because staff believes the direct benefit in those situations go not to the "entity" but to those being actually served by the entity – the child being cared for is receiving the direct benefit from the AmeriCorps Member/program rather than the child care agency itself – we do not believe our programs are currently violating this prohibition. However, some may disagree with our interpretation of the law. Thus, we believe it would be beneficial to have specific statutory authority that allows the Corporation to permit programs to provide benefit to certain for-profit organizations. The Corporation, of course, would limit this as it sees fit.

Fund Raising

WE ADVISE: **Allow grantees' staff to spend a certain amount of "AmeriCorps time" to raise funds from the private sector.**

DISCUSSION: Office of Management and Budget regulations do not permit federal funds to be used in raising funds for the grantee organization. This issue is a problem as we expect our programs to raise more private sector dollars. Staff recommends that we seek an exemption from this OMB regulation to allow program staff to raise funds. The restrictions on Members raising funds should be maintained.

DISABILITY FUNDS

WE ADVISE: **Broaden language in statute to include AmeriCorps State formula grantees and AmeriCorps VISTA projects and to ensure that programs make reasonable accommodations for leveraged volunteers as well as Members.**

DISCUSSION: The statute currently requires the Corporation to make disability funds available only to AmeriCorps State and AmeriCorps National Direct programs. The statute should be amended to include AmeriCorps State formula programs and AmeriCorps VISTA projects. Additionally, the language should be broadened to include volunteers generated by Members as well as the Members.

PAPERWORK REDUCTION ACT

WE ADVISE: **Amend the statute to reflect that the requirements of the Paperwork Reduction Act do not apply for the purposes of collecting statutorily required evaluation information from those who receive assistance from the Corporation.**

DISCUSSION: The timelines set forth in the Paper Work Reduction Act makes it difficult, if not impossible, for the Corporation to carry out certain evaluation requirements set forth by Congress (ex. Survey on Member demographics). Staff recommends that we seek an exemption from the Paper Work Reduction Act for the limited purposes of gathering information from grantees in order to meet Congressional requirements.

SENIORS PROGRAMS

WE ADVISE: **All Seniors programs should be required to re-compete every six years. We should lower the age of eligibility for participation in Senior Companions and Foster Grandparents from 60 to 55 years of age to match the eligibility requirements of Retired Senior Volunteers Program. General language which authorizes the Corporation to expand the different models of senior programs should be incorporated into the statute. The Trust should be amended to permit the Corporation to allow for limited transferability of education awards in cases where the recipients of the education award are older Americans serving in "approved national service positions" as RSVPs. We should delete statutory language that requires the Corporation to adjust any stipend or allowance provided to Foster**

Grand Parents and Senior Companions. We should also delete the provision maintaining a cap on evaluation funds at two and a half percent of all program administration funds. In addition, we should delete language giving State Units on Aging preferential treatment with regard to Retired Senior Volunteer Program projects.

DISCUSSION: To further infuse the Senior programs with outcome-based goals and overall quality – particularly in times of limited resources – we recommend having all Senior Programs re-compete for funds every six years

In 1993, the age requirement for participation in RSVP was lowered from 60 to 55, with a preference given to the placement of volunteers aged 60 and over. The purpose of the change was to expand opportunities for volunteer service to younger retirees, to meet the growing interest of this age group in participation, and to enable projects to respond to needs in communities that could benefit by a younger cohort of seniors. A similar change is now needed for Senior Companions and Foster Grandparents.

Regarding the Education Awards, some staff are concerned that this may be seen by the Veterans community as being more than what is being offered under the GI Bill, because educational benefits provided under the GI Bill are not transferable. Other staff feel Veterans are much less likely to challenge Senior programs than AmeriCorps.

The Domestic Volunteer Service Act requires the Corporation to pay no less than $2.45 an hour to Foster Grand Parents and Senior Companions, and to adjust that amount, accounting for inflation, once prior to December 31, 1997. We recommend that this language be deleted.

Since Administrative funds for Senior programs are capped at 18% of total DVSA funding, we feel that with the 2 ½ percent cap, there are not enough funds to properly evaluate Senior Corps programs. There is some concern that some would oppose dropping this language because in times of program cutbacks, program money should not be diverted to evaluation. This could be somewhat mitigated by stating more clearly that the Evaluation funds authorized under a separate subtitle of the National and Community Service Trust Act can be performed on all national service programs, not just AmeriCorps*National and State.

Under current law, State Units on Aging are (1) given preference for sponsorship of RSVP projects and (2) are afforded a 45 day review and recommendation period for RSVP grants. The Group feels that this section should be deleted because, as sponsors of Senior Corps programs, State Units on Aging could potentially face conflict of interest problems in having this kind of review and recommendation authority. There is a concern that this amendment may pose problems on the Hill. However, OMB (implicitly, HHS)-approval may give us more leverage.

AMERICORPS*NCCC

WE ADVISE: **The Group suggests allowing the Corporation to limit the lower-boundary-age of AmeriCorps*NCCC members, eliminating the cash-out option, and empowering the Corporation CEO to make appointments to the NCCC Advisory Board while adding flexibility for more relevant board members. The Group also suggests cleaning up irrelevant and unnecessary language.**

DISCUSSION:

Unlike AmeriCorps*State and National, the NCCC's age limits are statutorily set at 16-24. Based on experience - particularly with labor laws and minors - we recommend giving the Corporation the discretion to limit participation to individuals 18 and above.

The Group agrees that it should be the Corporation CEO, not the NCCC National Director, who should make the appointments to the Advisory Board. We also recommend adding individuals representative of "non-profit organizations and organizations with expertise in disaster relief" as recommended (but not required) Board Members to highlight the NCCC's disaster relief efforts and increasing public-private partnerships.

As discussed in the Education Awards section, the Group recommends eliminating the NCCC cash-out option, which it no longer offers in practice anyway.

The Group recommends exempting NCCC staff from the Fair Labor Standards Act relating to overtime. By treating the NCCC as an "organized camp" as defined in 29 U.SC. §213(a)(3), the NCCC would be allowed to operate a 10-month program and still qualify as an organized camp. We recommend replacing inexplicable NCCC language with Division C (AmeriCorps grants) language requiring that applicant "has received a high school diploma or its equivalent, agrees to obtain a high school diploma or its equivalent, and the individual has not dropped out of an elementary or secondary school to enroll in the program." We would delete the section specifying creation of a liaison office at Defense that was already eliminated in the FY 1996 DoD Authorization Act.

LEARN AND SERVE AMERICA: HIGHER EDUCATION

WE ADVISE: **The Group recommends mentioning both community-service and the service learning as the purposes of the program. The Group also recommends clarifying that some projects operate in several communities across the country as well as the communities immediately around colleges and universities. In addition, the Group recommends clarifying that grants can be used to strengthen the service and service-learning infrastructure and build capacity within and across institutions of higher education as well as for direct service and service learning projects.**

DISCUSSION: As mentioned in the Modified Block Grant section at the end of this memo (and in the Group's November 22 memo to you), we recommend consideration of a plan in which most Learn and Serve America Higher Education functions are placed under individual State Commissions. This section addresses considerations about Higher Education that should be addressed no matter how the program is revised.

The Group recommends all of the above to address a debates about the goals and focus of Learn and Serve America: Higher Education. The Group feels that issues such as focus on community service versus service learning should be addressed in the Corporation's regulations, not its legislation. The above adjustments allow us to focus (or re-focus) the program as we see fit.

The Group also recommends eliminating over-prescriptive requirements about prioritizing applications, and proposes to make administrative caps consistent throughout Learn and Serve. The Group advises the Corporation to address concerns about funding allocation within L&S (between K-12 and HE) by encouraging cross-program collaboration, including with AmeriCorps and Seniors, but, again, feels this need not be codified.

LANGUAGE CHANGES

WE ADVISE: **The official names for all Corporation streams of service should be codified in the statutes.**

DISCUSSION: Universal changes should be made throughout the two statutes to ensure that the word "AmeriCorps" is codified. Other relevant changes to match language with practice (e.g. NCCC *camps* to *campuses*) should be made throughout. All of these changes should be made in light of the Board's recent instruction to develop one name for national service.

TRUST FUND

WE ADVISE: **Amend statute to add language that would allow the Corporation to use Trust money to operate the National Service Scholars program.**

PART-TIME MEMBERS

WE ADVISE: **Eliminate the three-year part-time term of service.**

DISCUSSION: Based on experience, the Group feels that the statute should be amended to eliminate the three-year part-time option. However, the amendment should include a grandfather clause for existing three-year part-time Members.

AGE REQUIREMENT

WE ADVISE: **Lower the eligible age limit from 17 to 16 for all AmeriCorps State and National programs while giving programs the option to limit participation to individuals 17 or older.**

DISCUSSION: We recommend that the age limit be lowered to 16 so that the grantees may have the discretion to design programs that include 16 year old individuals as Members.

GRANT APPLICATION INFORMATION

WE ADVISE: **Delete statutory section that outlines in detail the specific types of information required in the grant applications for AmeriCorps State and National programs.**

DISCUSSION: The statute currently delineates the specific types of information that the Corporation may require in an application submitted for AmeriCorps State and National grants. To give the Corporation and the programs as much flexibility as possible, and to eliminate any unnecessary burdens upon the programs, staff recommends that we delete this section.

WORK STUDY

WE ADVISE: **The Group recommends codifying Corporation policy that individuals cannot "double-dip" by counting service for which they earn Work-Study stipends toward their 1700 hour AmeriCorps requirement.**

TIME LIMITS ON VISTA PROJECTS

WE ADVISE: **Repeal the statutory provision stipulating that assistance cannot be denied to any project solely on the basis of the number of years the project has already received DVSA funding for its VISTA project.**

DISCUSSION: Current lack of a time limit on VISTA funding to projects makes it difficult for new projects to receive VISTA assistance, especially during times of reduced budgets.

UNIVERSITY YEAR FOR VISTA

WE ADVISE: **Repeal the authorization of University Year for VISTA, a full-time stipended program for students enrolled in higher education institutions.**

DISCUSSION: This program has not been funded since FY 1994. We recommend that this section be repealed because (1) Learn and Serve authorization contains similar provisions and (2) all higher education activity should be under the same umbrella.

THE "BIG PICTURE" MEMO ALREADY GIVEN TO YOU ABOUT STREAMLINING FUNDING POOLS

WHERE WE ARE NOW

Since 1994, the Corporation has been supporting regular national service programs through 11 distinct administrative mechanisms.

Arguments for the current system include:

- It works - we see the proof in quality service everywhere;
- Because the Congress holds the Corporation – not the State Commissions – accountable for its programs, through one way or another we need to have some authority to demand quality; and
- The Corporation is the only entity that has access to information about all the programs it supports;

On the other hand, the current system:
- Engenders duplication;
- Prevents grantees from spending their money in the best possible manner - or from getting enough; and
- Hinders cross program coordination.

Thus, any significant revisions should be considered in light of the following questions:
- Can quality be retained?
- Is there sufficient accountability?
- Do the changes make the set-up administratively more efficient?
- Do the changes promote inter-program coordination?

In this paper, we address two possible reform scenarios: restructuring of the AmeriCorps Grants programs and restructuring of all Corporation-funded national service programs.

SCENARIO I - REFORMING AMERICORPS GRANTS

The Corporation could combine the State "competitive" and "formula" into one pool of funds and eliminate the "competitive" pool. Because the quality of programs may decline if States are not required to compete for funds, quality standards would be included in the formula. The quality criteria could be defined by the Corporation with input from State Commissions, while application of the standard might be judged by an outside entity. National Direct programs would maintain status quo.

Relevant considerations include:
- Could states handle the additional responsibility? How could they be helped to improve their capacities?
- Should additional authority be given only to State Commissions that demonstrate quality (e.g. they "earn" it)? What would happen if a great state turns bad?
- When we define quality, do we focus on Commission quality? Program quality? Both?
- How long would it take to make a transition?
- Would an outside evaluator add value to the process? Who would evaluate the evaluator?
- What would we do if the outside evaluator said all of a state's programs are of low quality? Would we not fund any?
- What would we do if the outside evaluator said a State Commission was of low quality? Would we not give it money to put into the otherwise okay programs?

During this restructuring, we could also consider adjusting the AmeriCorps*State: AmeriCorps*National funding ratio (currently 2/3:1/3), allowing more funds for the National programs. Relevant considerations include:

- If the Corporation wants to increase our focus on building partnerships with national nonprofit organizations such as Habitat, Boys and Girls Clubs, Big Brothers / Big Sisters, faith-based groups and the like, we might desire proportionally larger amounts of funding for these groups.
- Expanding National Directs keeps the Corporation in the business of setting national priorities.
- National Direct makes it easier for large groups to apply for national service support, because they do it once, not 50 times.
- Expanding National Directs keep the Federal Role clear but well-defined.
- State responsibilities shouldn't outpace available resources. Expanding National Direct minimizes added burdens on states.

SCENARIO II - "MOST DEVOLVED"

Most Corporation program funds (AmeriCorps Grants, AmeriCorps*VISTA, Learn and Serve America K-12*, RSVP, FGP and SCP) would be distributed to State Commissions under a formula grant based on population, quality, capacity, and other criteria. Only the responsibility for funding AmeriCorps National Direct, AmeriCorps*NCCC, AmeriCorps*VISTA Demonstrations, and at least some of Learn and Serve America Higher Education would be retained by the Corporation, although consultation with states would increase. The statute would specify that a certain percentage of funds would be for Senior Corps, Learn and Serve K-12, and full-time stipended programs (AmeriCorps State, and AmeriCorps*VISTA). There would be a phase-in period to assure that capacity grows with increased responsibility. At the same time, there would be a phase-out of State Offices. At the conclusion of the phase-in period, the State Commissions would be free to administer the DVSA programs in a manner determined by each State Commission as long as the set amount of funds are distributed to each stream of service.

Considerations include all of those stated above for Scenario I, and:

- How do we ensure greater coordination between the different streams of service within a state? Would it reduce the potential for "best practice" sharing or other inter-state enrichment?
- How do we handle program identity?
- What new resources would the State Commissions need for this? Would the resources come from the closing state offices? From the Corporation? Both? How do we ensure that Senior Corps administrative funds wouldn't be raided?

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* (In states where the state Constitution requires a separation between the governor's office and the State Education Agency, the statutory language will provide for an "opt out" provision that recognizes the state's constitutional proscriptions.)

- What would the Corporation do if a Commission were to fail in performing its duties? For example, who would take over?
- How should Learn and Service America Higher Education be funded? Does cross-program collaboration argue for devolution? Could both be done - single-state programs to states while multi-state programs to build the field stay at the Corporation?
- Would the Corporation have less ability to shape programs around national initiatives like America Reads?

Memo to the Reauthorization Group

From: Stu Loeser
Date: December 16, 1996

Attached please find our third memo to Harris, as given to him.

See you at tomorrow's meeting….

REAUTHORIZATION MEMO #3 TO HARRIS WOFFORD

From: **The Reauthorization Group**
(Debbie Jospin, Gary Kowlaczyk, Myung Lee, Stu Loeser, Terry Russell, Shirley Sagawa, Jim Scheibel, Gene Sofer, Barry Stevens, Steve Waldman)

Date: December 16, 1996

Following are the issues we discussed at our second and third out-of-the-office reauthorization meetings. The Group has now covered every significant issue for reauthorization <u>except privatization</u>.

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD <u>OPTIONS</u>

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD <u>RECOMMENDATIONS</u>

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD OPTIONS

EARNED AUTONOMY

The Group sees three options for "earned autonomy":

- **A two- or three-tiered system, in which well-performing Commissions get more money and poor-performing Commissions lose money in fixed dollar cuts – perhaps Learn and Serve, Seniors, and/or admin money, some of which may be directed towards improving the Commissions.**
- **A system in which 50% of the money to go to State Commissions is distributed by population formula, and 50% is distributed through a formula based on quality.**
- **An OSHA-like model, in which states are held harmless regarding money, but the degree to which the Corporation acts "paternalistically" is affected by quality. (The better the quality, the less Washington is in your face.)** Those of the Group who disagree with eliminating the competitive pool feel that if we must do so, this scenario is most likely to encourage quality.

Most of the Group agrees that while it is difficult to increase paternalism once it has been lessened, it is impossible to take back chunks of money once they have been devolved/granted. Therefore, most of the Group feels autonomy, not money, should be the carrot.

The Group agrees that the Corporation must retain authority to approve the State Plans and ought to have some veto authority over programs.

The Group agrees that the quality of AmeriCorps programs should not affect how many Senior Corps positions exist in a state.

Most important, the Group agrees that quality standards will take into account both the quality of the Commission and the programs in the state. The standards will be objective and will weigh clearly measurable factors.

The Group has carefully prepared very detailed models of quality formulas but has not yet reviewed them together. We will report to you once we do so.

RETENTION OF SEPARATE AUTHORIZATIONS (NCSTA AND DVSA)

Some members of the group feel that a single authorization would integrate and encourage cooperation among programs; simplify a currently cumbersome system likely to get even more so through reauthorization; and reduce duplication.

The Group disagrees whether there is much symbolic value to be gained from combining the Acts.

Some of the Group feels that all the consolidation and cooperation we hope to see in practice could still be implemented through dual authorizations. Moreover, retention of a separate DVSA affords us significant cover against charges that we are trying to eliminate VISTA and might inadvertently hurt the Senior Corps.

TEAM-BASED SERVICE

Some members of the Group feel we have still not resolved the degree to which AmeriCorps is to remain a team-based service program – and what the legislative implications of this decision may be.

VISTA STRUCTURE

The Group envisions three ways in which the AmeriCorps*VISTA program could operate under the proposed revised structures:

- **All positions are selected and supported from headquarters as part of the National Leadership Pool.**
- **Some proportion of positions are selected and supported from headquarters as part of the National Leadership Pool. The rest go to states as block grants**
- **Some proportion of positions are selected and supported from headquarters as part of the National Leadership Pool. The rest go to states earmarked as VISTAs.**

The portions which would go to states could be determined as they currently are – based on population.

PROHIBITED ACTIVITIES

Some members of the Group feel that the prohibitions on lobbying and political activity should be strengthened. Others feel that the language is as tough as could be. (In 1993, Senator Bond's staff tried to tighten it and found they could do no more than had already been done). Besides, some argue, all of our limits are really set in regulations.

Some members of the Group voiced concerns about inconsistencies in lobbying restrictions between VISTA and grants program members, and advocate extending the codified restrictions to VISTAs. Others responded that in light of how proposed changes may affect VISTA, we should be careful not to be seen as "piling on." Besides, they argue, if we retain separate acts, we can have what Congress sees as restrictions without further enraging VISTA supporters. The first group responded that it is precisely **our proposed changes – which will lead to VISTAs and grants programs participants working more closely together – that argue for standardization.**

LEARN AND SERVE AMERICA K-12

The Group discussed several issues related to Learn and Serve America K-12 under the proposed streamlining plan.

The group imagines that most of the money will go to State Commission based on formula, with some retained as part of the National Leadership Pool. The Group agrees that Learn and Serve K-12 should therefore be analogous to AmeriCorps grants and other programs regarding "earning keys to the kingdom" and match.

The Group sees two options for the Learn and Serve America K-12 formula:

- **the current formula of poverty and population, (with a small state minimum), or**
- **straight population with a small state minimum**

Members of the Group who support the poverty and population formula do so because Learn and Serve was originally sold as a method of teaching at-risk youth, and practically all federal education aid is based on this formula.

Members of the Group who support the straight population formula do so for reasons of consistency between AmeriCorps and Learn and Serve grants – particularly because both will be administered by State Commissions – and because all students should be taught the ethic of service, not just those in poorer communities.

The Group also sees **two options for how much influence the Corporation should have over which types of organizations can get Learn and Serve America K-12 grants**:

- **We (by law or regulation) set guidelines on the proportion of grants that should go to SEAs and community-based groups, or**
- **We do not provide guidelines on the proportion of grants to different types of organizations.**

If State Commissions were to receive the bulk of the L&SA K-12 money, then SEAs would have to apply to States to get it. The Group feels that this scenario makes it much more likely that the funds will be used to support learning related to service; because the grant sizes are small by SEA standards, the SEAs never really focused on our intentions.

The Group also wants to authorize the Corporation to set a minimum grant amount by regulation, to ensure that grants are large enough to ensure that they are not lost in a mix.

The Group agrees that Learn and Serve K-12 should focus more of its resources on infrastructure building. This could be done either as a proportion of each State's funds (which might verge on too much Washington micromanagement) or through the National Leadership Pool.

STATE COMMISSIONS AND THE CORPORATION BOARD

The Group disagreed whether:

- **The State Commission Boards should be made more like the Corporation's Board,**
- **The Corporation's Board Should be more like the State Commissions,**
- **Both should be liberalized, or**
- **Maintaining the status quo is the best option.**

Some members of the Group argued that the current State Commission structure:

- prevents State Commissions from becoming government or being subsumed by government,
- prevents Governors from stacking the Commissions with cronies and/or donors, and
- has flaws that have become obvious over the last three years – but any replacement would be likely to have new flaws.

Other members of the Group feel that the current structure micromanages the Commissions, and it is unfair that that the statute is far less prescriptive regarding the Corporation's Board than the State Commissions.

Some of the Group responded that it's more-or-less the Corporation's own fault that we have been less than successful in fulfilling our one requirement for the Board - bi-partisanship, and neither the (Bush-era) Commission nor the Corporation has ever come close to filling its Board. In this light, it seems unclear why we would want to add more requirements.

Furthermore, some argued that requiring us to have certain positions filled leaves us at the mercy of the Senate for approval. The Senate could theoretically put us in violation of the law and then inflict punitive oversight activity.

In response, some posited that such a scenario could exist under some states' laws, too – and we might be the ones doing critical oversight.

On **related issues**, the Group agreed that:

While we may like as many State Commissions as possible to incorporate as non-profits, we should not require them to do so. The Group is investigating further how to mention this option in the Act, as a means of encouragement to individual states.

The Group feels strongly that State Commissions not ought not be controlled by any other State entity. However, the Group also feels we shouldn't make prohibitions in the statute that we would not like to enforce, particularly in our largest states. Ultimately, if governors don't want to play, we can't force them to do so.

The Group also feels that Corporation State Directors should not continue to serve as *ex officio* members of the State Commissions, because the State Directors have vested interests in the streamlining of state apparatuses. In addition, leaving the Directors as *ex officio* members rewards them if their states do not streamline – because if the state did streamline, the individuals would cease to be State Directors, and would therefore no longer sit on the Commission that may - or may not - employ them. The Group noted, however, that it would be willing to give this provision back if necessary during consideration of the bill.

The Group agrees we should eliminate the *ex officio* Corporation Board slots for the relevant Cabinet Secretaries. This makes sense because we are no longer making AmeriCorps grants to other federal agencies – and because doing so might have significant symbolic value.

The Group agrees that we shouldn't propose touching the Board Duties – both because they reflect hundreds of hours of painful 1993 negotiations, and because we might not like any changes that are made.

MANAGING DIRECTORS

The Group disagreed as to what should be done with the five PAS slots that are outlined in the Act. The Group sees four options:

- **Eliminating the Managing Directors,**
- **Eliminating one of the Managing Directors,**
- **Making one Managing Director slots have more authority than the other (perhaps an Executive Director and a Managing Director), or**
- **Retain the two Managing Directors, but eliminate the Act's NCSTA/DVSA**

division of labor between them.

At no time have we had a full complement of Presidentially-Appointed, Senate Approved senior staff members. Three – CEO, CFO, and IG – must remain as PAS. (The Group was unsure at the time of the meeting if the CFOs Act and the IG Act technically covered the Corporation, but we agreed that either way, they should remain as PAS for political and policy reasons.)

Some members of the Group argue that the Managing Director (MD) positions are overly constrictive, because they do not allow the Corporation to adjust to differing needs at different times.

Others argue that the prestige (and associated support by the White House Office of Personnel) of PAS assists the Corporation in recruiting highly qualified individuals for these Senior Staff positions. Besides, they argue, the OMB is unlikely to reduce the White House's potential opportunities to place individuals in the Administration.

Still others argued that having two (apparently) coequal MDs may have made sense when Congress was thinking of merging ACTION with the new national service programs, but is not as logical for the Corporation's current structure. These individuals argued we should explore other options, such as one Executive Director and one Managing Director – a change with which OMB may have less trouble. These individuals argued that we certainly should delete the provisions requiring one MD to handle NCSTA programs and the other DVSA programs.

One final option is to eliminate just one of the MD slots and make the remaining MD in charge of all programs.

EMPLOYEES AND PERSONNEL ISSUES

The Group would also like to make the alternative personal system what the Administration thought it was getting in 1993 (a fully flexible system) rather than what it got (a system that allows flexibility in hiring and promotion, but is traditional in other ways - e.g. bumping rights).

Some members of the Group feel that we should attempt to do more by requiring all Corporation employees, including those under the older, traditional service rules, to serve under five year renewable contracts. The Group disagrees over whether it is possible to amend personnel contracts unilaterally; we agree that the union and others would be strongly opposed to this.

The Group agrees we should try to amend the Act to allow us to enter personal service contracts, so we can hire and oversee "temps" individually. We would no longer have to support the administrative overhead of a temp service.

Evaluation Funds for State Commissions

The Group is in disagreement over how to establish the proper emphasis on evaluation.

Some members of the Group feel that as budgets get tighten, evaluation is always the first thing to be cut. **To prevent a situation in which too little money is spent on evaluation, we should codify a high floor for evaluation – which doesn't mean more money couldn't be spent.**

Others respond that it is more likely that Congress will write in a low floor and, over time, programs tend to end up getting the floor. **Therefore, these members of the Group propose we say that the Corporation may authorize up to x% of a total grant to be used on evaluation.**

State Admin Match

The Group disagrees on how to treat the state commission admin match for AmeriCorps grants. As you know, current law set the match at 25%, though we have moved it to 33%. The Group envisions three options:

- **Eliminate** the match to reduce micromanagement. As earlier discussed, this would be done with a reduction in overall Corporation dollars per grant.
- **Increase** it (perhaps to 50%) because matches are politically "good" as they demonstrate non-governmental support
- **Codify it at 33%**.

The Group agrees that if a match is retained, it should be clearly a match as a percent of the Corporation grant to move away from "total available resources" arguments.

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD <u>RECOMMENDATIONS</u>

NATIONAL LEADERSHIP POOL

The Group agrees that we should not codify the proposed National Leadership Pool in a centralized section or subtitle, because that would make it easier to kill. Rather, centralized authority should be authorized under each relevant place (Learn and Serve, AmeriCorps grants, etc.) that we could later operate as a coordinated system.

CHIEF EXECUTIVE OFFICER

The Group agrees that:

- All one-time studies should be eliminated.
- The relationship with the Board should remain the same.
- The evaluation requirements should be moved to Division F.

EVALUATION

The Group agrees that all one-time studies should be deleted. We also agree that the section that the Corporation should not have to evaluate the impact of its programs on recruitment of VISTAs and Peace Corps members. We also agree that the Corporation should only have to evaluate our effect on the recruitment efforts of the Armed Forces if the Secretary of Defense does not do so. (He has for the last two years).

The Group agrees that all evaluation requirements should be placed under Division F.

ADMINISTRATION FUNDS FOR STATE COMMISSIONS

The Group agrees that the current admin language – that no less than 40 percent of the admin appropriation can go to state commissions – will continue to work as more authority is devolved to them. The group agrees we should oppose any cap on admin proportions.

The group also notes that particularly in the short term, though state commissions will be doing more admin, the Corporation will not necessarily be doing less. The logical solution is to obtain more admin money, particularly if it doesn't have to be in a single budget line item. We can also transfer monetary savings from Corporation State Offices to State Commission admin, particularly if the savings can stay within the state. Establishing Legislative History on this transfer might be extremely helpful.

NOTICE, HEARING, AND GRIEVANCE PROCEDURES

The Group agrees that the current grievance system is ineffective, expensive, and leaves most parties dissatisfied. We propose to require every state and local grantee to have grievance procedure providing for a full and fair hearing. (We propose being silent on the examination of witnesses.) If the grievance procedure is done at a program level, parties would bring their appeals to State Commissions, leaving the Corporation largely out of it. (National directs and extreme cases will still be brought to the Corporation, the IG or EO.)

The General Counsel's Office is preparing more detailed options on this topic.

REPORTING REQUIREMENTS

The Group agrees that all reporting requirements which do not make sense in light of proposed structural reforms be revised or eliminated. The Group also agrees that all reporting requirements be centralized in Subtitle G.

The Group also agrees that the annual report should be incorporated into the Unified State Plan.

TRIBES AND TERRITORIES

The Group suggests establishing a unified tribe application directly to the National Leadership Pool for all AmeriCorps, Learn and Serve, and Senior Corps programs for a particular Tribe or Territory. The Group agrees that in addition to encouraging cooperation across the programs, this would be a significantly easier option than the status quo both for the Tribes/Territories and for the Corporation.

The Group also agrees that nonprofits should be able to apply for funds out of the Tribes/Territories pool, if they can demonstrate that the service will benefit tribes. The Group agrees that requirements should be developed in regulations or application guidelines.

FAMILY AND MEDICAL LEAVE

The Group agrees that Family and Medical Leave is among the President's proudest accomplishments, and we should not seek waivers for any of our programs.

PROPOSED ORGANIZATIONAL STRUCTURE FOR THE CORPORATION FOR NATIONAL SERVICE *

The **Chief Executive Officer** [Harris Wofford] operates as provided by statute and provides ultimate leadership to the Corporation. Directly assisting the Chief Executive Officer are **Senior Advisors** [Steve Waldman, Susan Stroud, and Jim Scheibel] and the **Chief of Staff** [Deb Jospin].

The **Chief Operating Officer** [Frank Beal] will function as a full Deputy to the Chief Executive Officer and will be responsible to the Chief Executive Officer for the Corporation's day-to-day management. The Chief Operating Officer will be assisted by a **Deputy** [Tracy Gray].

OPERATING UNITS reporting to the Chief Executive Officer/Chief Operating Officer are:

- The **Chief Financial Officer** [Donna Cunninghame] will have primary responsibility for developing and maintaining the Corporation's financial systems and information resources and ensuring the financial integrity of its operations. This unit will continue to oversee and/or provide accounting, budget, grants management, procurement, and financial services support. The unit will also operate the National Service Trust Fund and provide support for field operations through the Corporation's Service Centers. In addition, the unit will handle automation services, including installation and support for the Corporation's computers, networks, and database systems and functions of the Chief Information Resources Management Officer.

  [Information Technology (formerly Automation) will be moved to this unit.]

- **Administration** [Larry Wilson] will promote and ensure equal opportunity in carrying out the activities of the Corporation; manage the Corporation's human resources program, including employee recruitment, training, health benefits, compensation, labor/employee relations, contract personnel support, and payroll services; and provide the full range of telecommunications, space, supplies, printing, records management and other administrative services.

  [Administrative Services will be moved to this unit, which will also include Equal Opportunity and Human Resources.]

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* Note: the proposed organization is subject to Union comment.

PROGRAM UNITS reporting to the Chief Executive Officer/Chief Operating Officer are:

- **AmeriCorps** [Director being recruited] will be the centerpiece organization for all three AmeriCorps programs, AmeriCorps*VISTA [Diana London], AmeriCorps*National Civilian Community Corps [Fred Peters], and the AmeriCorps*State/National grant program [Diana Algra]. While each of the programs will retain a distinctive identity, the unit will integrate planning and operations and enable the Corporation to speak with a clear voice in developing and promoting AmeriCorps. It will focus on program improvement, including the development of the Education Awards Only initiative and other effective ways to expand the program while lowering the average cost per AmeriCorps member. The unit will further develop AmeriCorps' connection with the other two main program divisions at the Corporation, Learn and Serve America and the programs of the National Senior Service Corps. It will also work to blend policies affecting all AmeriCorps programs in order to simplify and streamline recruitment, training, technical assistance, Member support, grant award processes, monitoring and local project administration.

- **Service Learning** [Director being recruited] will carry out the Corporation's Learn and Serve America initiatives to make service both integral to the education of all students and a common expectation of every American. The unit will promote this vision by serving as the Corporation's ambassador to the education community; by directly providing financial assistance to elementary and secondary schools, institutions of higher learning and nonprofit organizations; and by providing sound program policy guidance, monitoring, and technical assistance services. The unit will also seek to maximize the scope of service learning through cooperation with AmeriCorps, the National Senior Service Corps, independent sector initiatives, college Work Study, the America Reads challenge, and other education programs.

- **The National Senior Service Corps** [Tom Endres] will provide leadership in meeting the White House Conference on Aging's objective of expanding the Senior Corps to at least one million volunteers by the year 2000. It will work to increase the opportunities for senior volunteers to contribute to their communities through service that produces clear outcomes and results. It will work with administrators and volunteers of the Retired Senior Volunteer Program, the Senior Companion Program, and the Foster Grandparent Program to foster innovative and growth oriented management that enables local projects to operate in the most effective and streamlined manner. This unit will expand senior service in the country, including the creation of a new Experience Corps. The unit will also provide leadership for monitoring and technical assistance functions and it will work closely with AmeriCorps, Service Learning, the Departments of Labor, Health and Human Services, Education and corporate retired employee programs.

- **Evaluation and Effective Practices** [Director being recruited] will gather information about national service programs and use that information to help improve program quality. The unit will produce both major program-wide evaluation studies and targeted program and management evaluations; disseminate resulting information to the field; identify best practices and share that knowledge among programs; provide technical assistance and coordinate program monitoring; provide leadership in carrying out the Corporation's responsibilities under the Government Performance and Results Act; and administer training and technical assistance functions.

  [Evaluation, Training and Technical Assistance, Policy Analysis, and the Presidio Leadership Center will be included in this unit.]

- **Planning and Program Integration** [Gary Kowalczyk] will perform certain program planning and management functions of the Corporation and policy initiatives that cut across the organization as a whole. The unit will be in charge of the Strategic and Annual Plans; preparing the Corporation's annual program reports to the Congress; program planning processes; program information systems, including systems development; reporting and tracking of assignments and projects; and demonstration and innovation projects. It will also manage the Corporation's state offices; provide funding and support for State Commissions; and review on an ongoing basis the roles and responsibilities of State Commissions, Corporation field units, and program units in headquarters.

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- **General Counsel** [Barry Stevens, Acting] provides legal counsel in the interpretation and implementation of laws governing the Corporation.

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January 9, 1997

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January 9, 1997

REAUTHORIZATION MEMO #3 TO HARRIS WOFFORD

From: **The Reauthorization Group**
(Debbie Jospin, Gary Kowlaczyk, Myung Lee, Stu Loeser, Terry Russell, Shirley Sagawa, Jim Scheibel, Gene Sofer, Barry Stevens, Steve Waldman)

Date: December 16, 1996

Following are the issues we discussed at our second and third out-of-the-office reauthorization meetings. The Group has now covered every significant issue for reauthorization except privatization.

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD OPTIONS

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD RECOMMENDATIONS

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD <u>OPTIONS</u>

EARNED AUTONOMY

The Group sees three options for "earned autonomy":

- **A two- or three-tiered system, in which well-performing Commissions get more money and poor-performing Commissions lose money in fixed dollar cuts – perhaps Learn and Serve, Seniors, and/or admin money, some of which may be directed towards improving the Commissions.**
- **A system in which 50% of the money to go to State Commissions is distributed by population formula, and 50% is distributed through a formula based on quality.**
- **An OSHA-like model, in which states are held harmless regarding money, but the degree to which the Corporation acts "paternalistically" is affected by quality. (The better the quality, the less Washington is in your face.)** Those of the Group who disagree with eliminating the competitive pool feel that if we must do so, this scenario is most likely to encourage quality.

Most of the Group agrees that while it is difficult to increase paternalism once it has been lessened, it is impossible to take back chunks of money once they have been devolved/granted. Therefore, most of the Group feels autonomy, not money, should be the carrot.

The Group agrees that the Corporation must retain authority to approve the State Plans and ought to have some veto authority over programs.

The Group agrees that the quality of AmeriCorps programs should not affect how many Senior Corps positions exist in a state.

Most important, the Group agrees that quality standards will take into account both the quality of the Commission and the programs in the state. The standards will be objective and will weigh clearly measurable factors.

The Group has carefully prepared very detailed models of quality formulas but has not yet reviewed them together. We will report to you once we do so.

RETENTION OF SEPARATE AUTHORIZATIONS (NCSTA AND DVSA)

Some members of the group feel that a single authorization would integrate and encourage cooperation among programs; simplify a currently cumbersome system likely to get even more so through reauthorization; and reduce duplication.

The Group disagrees whether there is much symbolic value to be gained from combining the Acts.

Some of the Group feels that all the consolidation and cooperation we hope to see in practice could still be implemented through dual authorizations. Moreover, retention of a separate DVSA affords us significant cover against charges that we are trying to eliminate VISTA and might inadvertently hurt the Senior Corps.

TEAM-BASED SERVICE

Some members of the Group feel we have still not resolved the degree to which AmeriCorps is to remain a team-based service program – and what the legislative implications of this decision may be.

VISTA STRUCTURE

The Group envisions three ways in which the AmeriCorps*VISTA program could operate under the proposed revised structures:

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- has flaws that have become obvious over the last three years – but any replacement would be likely to have new flaws.

Other members of the Group feel that the current structure micromanages the Commissions, and it is unfair that that the statute is far less prescriptive regarding the Corporation's Board than the State Commissions.

Some of the Group responded that it's more-or-less the Corporation's own fault that we have been less than successful in fulfilling our one requirement for the Board - bi-partisanship, and neither the (Bush-era) Commission nor the Corporation has ever come close to filling its Board. In this light, it seems unclear why we would want to add more requirements.

Furthermore, some argued that requiring us to have certain positions filled leaves us at the mercy of the Senate for approval. The Senate could theoretically put us in violation of the law and then inflict punitive oversight activity.

In response, some posited that such a scenario could exist under some states' laws, too – and we might be the ones doing critical oversight.

On **related issues**, the Group agreed that:

While we may like as many State Commissions as possible to incorporate as non-profits, we should not require them to do so. The Group is investigating further how to mention this option in the Act, as a means of encouragement to individual states.

The Group feels strongly that State Commissions not ought not be controlled by any other State entity. However, the Group also feels we shouldn't make prohibitions in the statute that we would not like to enforce, particularly in our largest states. Ultimately, if governors don't want to play, we can't force them to do so.

The Group also feels that Corporation State Directors should not continue to serve as *ex officio* members of the State Commissions, because the State Directors have vested interests in the streamlining of state apparatuses. In addition, leaving the Directors as *ex officio* members rewards them if their states do not streamline – because if the state did streamline, the individuals would cease to be State Directors, and would therefore no longer sit on the Commission that may - or may not - employ them. The Group noted, however, that it would be willing to give this provision back if necessary during consideration of the bill.

The Group agrees we should eliminate the *ex officio* Corporation Board slots for the relevant Cabinet Secretaries. This makes sense because we are no longer making AmeriCorps grants to other federal agencies – and because doing so might have significant symbolic value.

The Group agrees that we shouldn't propose touching the Board Duties – both because they reflect hundreds of hours of painful 1993 negotiations, and because we might not like any changes that are made.

MANAGING DIRECTORS

The Group disagreed as to what should be done with the five PAS slots that are outlined in the Act. The Group sees four options:

- **Eliminating the Managing Directors,**
- **Eliminating one of the Managing Directors,**
- **Making one Managing Director slots have more authority than the other (perhaps an Executive Director and a Managing Director), or**
- **Retain the two Managing Directors, but eliminate the Act's NCSTA/DVSA**

division of labor between them.

At no time have we had a full complement of Presidentially-Appointed, Senate Approved senior staff members. Three – CEO, CFO, and IG – must remain as PAS. (The Group was unsure at the time of the meeting if the CFOs Act and the IG Act technically covered the Corporation, but we agreed that either way, they should remain as PAS for political and policy reasons.)

Some members of the Group argue that the Managing Director (MD) positions are overly constrictive, because they do not allow the Corporation to adjust to differing needs at different times.

Others argue that the prestige (and associated support by the White House Office of Personnel) of PAS assists the Corporation in recruiting highly qualified individuals for these Senior Staff positions. Besides, they argue, the OMB is unlikely to reduce the White House's potential opportunities to place individuals in the Administration.

Still others argued that having two (apparently) coequal MDs may have made sense when Congress was thinking of merging ACTION with the new national service programs, but is not as logical for the Corporation's current structure. These individuals argued we should explore other options, such as one Executive Director and one Managing Director – a change with which OMB may have less trouble. These individuals argued that we certainly should delete the provisions requiring one MD to handle NCSTA programs and the other DVSA programs.

One final option is to eliminate just one of the MD slots and make the remaining MD in charge of all programs.

EMPLOYEES AND PERSONNEL ISSUES

The Group would also like to make the alternative personal system what the Administration thought it was getting in 1993 (a fully flexible system) rather than what it got (a system that allows flexibility in hiring and promotion, but is traditional in other ways - e.g. bumping rights).

Some members of the Group feel that we should attempt to do more by requiring all Corporation employees, including those under the older, traditional service rules, to serve under five year renewable contracts. The Group disagrees over whether it is possible to amend personnel contracts unilaterally; we agree that the union and others would be strongly opposed to this.

The Group agrees we should try to amend the Act to allow us to enter personal service contracts, so we can hire and oversee "temps" individually. We would no longer have to support the administrative overhead of a temp service.

EVALUATION FUNDS FOR STATE COMMISSIONS

The Group is in disagreement over how to establish the proper emphasis on evaluation.

Some members of the Group feel that as budgets get tighten, evaluation is always the first thing to be cut. **To prevent a situation in which too little money is spent on evaluation, we should codify a high floor for evaluation – which doesn't mean more money couldn't be spent.**

Others respond that it is more likely that Congress will write in a low floor and, over time, programs tend to end up getting the floor. **Therefore, these members of the Group propose we say that the Corporation may authorize up to x% of a total grant to be used on evaluation.**

STATE ADMIN MATCH

The Group disagrees on how to treat the state commission admin match for AmeriCorps grants. As you know, current law set the match at 25%, though we have moved it to 33%. The Group envisions three options:

- **Eliminate** the match to reduce micromanagement. As earlier discussed, this would be done with a reduction in overall Corporation dollars per grant.
- **Increase** it (perhaps to 50%) because matches are politically "good" as they demonstrate non-governmental support
- **Codify it at 33%**.

The Group agrees that if a match is retained, it should be clearly a match as a percent of the Corporation grant to move away from "total available resources" arguments.

ISSUES FOR WHICH THE REAUTHORIZATION GROUP IS PUTTING FORWARD <u>RECOMMENDATIONS</u>

NATIONAL LEADERSHIP POOL

The Group agrees that we should not codify the proposed National Leadership Pool in a centralized section or subtitle, because that would make it easier to kill. Rather, centralized authority should be authorized under each relevant place (Learn and Serve, AmeriCorps grants, etc.) that we could later operate as a coordinated system.

CHIEF EXECUTIVE OFFICER

The Group agrees that:

- All one-time studies should be eliminated.
- The relationship with the Board should remain the same.
- The evaluation requirements should be moved to Division F.

EVALUATION

The Group agrees that all one-time studies should be deleted. We also agree that the section that the Corporation should not have to evaluate the impact of its programs on recruitment of VISTAs and Peace Corps members. We also agree that the Corporation should only have to evaluate our effect on the recruitment efforts of the Armed Forces if the Secretary of Defense does not do so. (He has for the last two years).

The Group agrees that all evaluation requirements should be placed under Division F.

ADMINISTRATION FUNDS FOR STATE COMMISSIONS

The Group agrees that the current admin language – that no less than 40 percent of the admin appropriation can go to state commissions – will continue to work as more authority is devolved to them. The group agrees we should oppose any cap on admin proportions.

The group also notes that particularly in the short term, though state commissions will be doing more admin, the Corporation will not necessarily be doing less. The logical solution is to obtain more admin money, particularly if it doesn't have to be in a single budget line item. We can also transfer monetary savings from Corporation State Offices to State Commission admin, particularly if the savings can stay within the state. Establishing Legislative History on this transfer might be extremely helpful.

Notice, Hearing, and Grievance Procedures

The Group agrees that the current grievance system is ineffective, expensive, and leaves most parties dissatisfied. We propose to require every state and local grantee to have grievance procedure providing for a full and fair hearing. (We propose being silent on the examination of witnesses.) If the grievance procedure is done at a program level, parties would bring their appeals to State Commissions, leaving the Corporation largely out of it. (National directs and extreme cases will still be brought to the Corporation, the IG or EO.)

The General Counsel's Office is preparing more detailed options on this topic.

Reporting Requirements

The Group agrees that all reporting requirements which do not make sense in light of proposed structural reforms be revised or eliminated. The Group also agrees that all reporting requirements be centralized in Subtitle G.

The Group also agrees that the annual report should be incorporated into the Unified State Plan.

Tribes and Territories

The Group suggests establishing a unified tribe application directly to the National Leadership Pool for all AmeriCorps, Learn and Serve, and Senior Corps programs for a particular Tribe or Territory. The Group agrees that in addition to encouraging cooperation across the programs, this would be a significantly easier option than the status quo both for the Tribes/Territories and for the Corporation.

The Group also agrees that nonprofits should be able to apply for funds out of the Tribes/Territories pool, if they can demonstrate that the service will benefit tribes. The Group agrees that requirements should be developed in regulations or application guidelines.

Family and Medical Leave

The Group agrees that Family and Medical Leave is among the President's proudest accomplishments, and we should not seek waivers for any of our programs.

Thompson, Avelina

From: Rymph, David
Sent: Monday, December 09, 1996 3:21 PM
To: Sagawa, Shirley
Cc: Thompson, Avelina
Subject: Meeting with Rymph on Competitive/Formula Design

Questions for Shirley Sagawa on Competitive/Formula Issue for Meeting on December 11, 1996

Here are some possible questions we might consider in our meeting this Wednesday at 2:30 PM. Please forgive me, but I couldn't avoid writing them like a final exam in National Service Policy 501.

1. The one third funding through competition by the states became, in implementation, a national competition among program proposals first approved by the states. What were you thinking when the shift occurred from a competition among states to a competition among programs?

2. One of the legislative goals of the National and Community Service Trust Act was to avoid a new federal bureaucracy. To what extent has that goal been met? What remains to be done?

3. The formula for distribution of one third of the funds is by population. Did you consider other formulas that included factors in addition to population? What would you think of changes in the formula to include additional factors?

4. The 1993 act was intended to support the importance of state involvement and promote a higher quality of performance by states than was true under the former Commission. Has that goal been achieved? What could be done under new legislation to further ensure increased quality of service programming and administration at the state level?

5. A former reporter for a well known weekly news magazine has written about the tension between mayors and governors over the distribution of national service funds. How well has the current system ameliorated the concerns of mayors that state control would deny urban centers their due? Can you envision a formula process that would send some funds by formula to cities?

6. A continuing concern for many is the quality of national service programs, both in terms of impact on communities and benefits to participants. If more responsibility for program design and implementation is given to states (and maybe cities), what is the role of the Corporation in assuring the Congress and the American people that funds are invested wisely and used well?

Memorandum to Harris Wofford

From: **The Reauthorization Group**
(Debbie Jospin, Gary Kowalczyk, Myung Lee, Stu Loeser, Terry Russell, Shirley Sagawa, Jim Scheibel, Gene Sofer, Barry Stevens, Steve Waldman)

Date: January 2, 1997

Re: Summary of Reauthorization Decisions

Below is a summary of the decisions which require changes to the national service acts that we reached when the Reauthorization Group met with you to review the options it had identified in its own meetings and research papers.

These decisions are arranged in (generally) decreasing order of priority and significance.

FUNDING STREAMS

CHANGES: Distribute most program funds for the AmeriCorps grants, AmeriCorps*VISTA, and the Learn and Serve America K-12 and Higher Ed programs to State Commissions under a formula grant based on population, quality, capacity, and other criteria. The quality, capacity, and other criteria will be defined by the Corporation with input from State Commissions and other partners. Standards of State Commission and program quality will be judged by an outside entity yet to be identified.

Senior Corps funds will go directly to current grantees, who will be held harmless, for as many years as necessary until projects are re-competed (see below). Senior Corps projects will then be administered through the State Commissions.

Base the percentage of total available funds in each state for Senior Corps and Learn and Serve America K-12 and Higher Ed on current proportions so that individual programs are held harmless.

The Corporation will have responsibility for administering multi-state national direct projects for AmeriCorps grants as well as AmeriCorps*VISTA, Learn and Serve America K-12 and Higher Ed, Senior Programs, and Tribes and Territories through a (tentatively-named) National Leadership Pool. Each of the components of this pool will be authorized in the individual programs' (e.g. Learn and Serve K-12) sections of the Acts rather than a separate subtitle. The size of this pool will be set to reflect national priorities, such as increased partnerships with national non-profits for AmeriCorps grants and greater focus on capacity-building for Learn and Serve America.

There will be a phase-in period to ensure that the increased responsibility of state commissions will be matched by an increased capacity to handle new demands. At the same time, there will be a redirection and downsizing of the Corporation's field presence to assist in the transition and to assure that the Corporation funds are well spent. Money saved from the administration of the Corporation's field structure will be directed to State Commissions to enable them to handle their enhanced responsibilities.

AMERICORPS FIXED GRANTS AND MATCH

CHANGES: Codify the current "fixed average/fixed grant" approach. AmeriCorps State programs will be required to meet a fixed average cost per member with a cap on the maximum cost per Member for any individual program. National Direct programs will have a fixed cap on cost per member.

Specify that the Corporation should set the average and maximum by regulation. The Corporation should report what the average and maximum are to Congress.

Eliminate the match requirement. Because the Corporation will be required to report the average and maximum grant amounts to Congress, it will be clear that the Corporation is not retreating on its commitment to private sector support – with reduced grant amounts, programs will have to find other resources to operate.

EDUCATION AWARDS

CHANGES: The education award of $4,725 should be "non-taxable" income like Peace Corps end-of-service stipends and GI Bill benefits.

Expand the definition of "qualified student loans" to include loans that were clearly part of an approved financial aid package but were not made, insured, or guaranteed by the federal government (e.g. a student loan made by the State of Alaska to a resident of Alaska). Expand the definition of "approved higher education institutions" to allow post-secondary education at certain schools that may not have received federal aid under title IV of the Higher Education Act.

Eliminate the cash stipend option for both AmeriCorps*NCCC and AmeriCorps*VISTA members.

TERMS OF SERVICE

CHANGE: Allow AmeriCorps members to use no more than any two education awards earned, though these will no longer have to be the first two earned.

SENIOR PROGRAMS

CHANGES: All Senior programs will be required to re-compete at least every six years.

Lower the age of eligibility for participation in Senior Companions and Foster Grandparents from 60 to 55 years of age to match the eligibility requirements of Retired and Senior Volunteer Program.

Delete statutory language mandating when and how the Corporation will adjust any stipend or allowance provided to Foster Grand Parents and Senior Companions.

Remove cap on evaluation funds for Seniors under the Domestic and Volunteer Service Act. Evaluation funds authorized under a separate subtitle of the National and Community Service Trust Act can also be used to evaluate Corporation programs.

Eliminate preference for State Units on Aging with regard to Retired Senior Volunteer Program projects.

AMERICORPS*NCCC

CHANGES: Give the Corporation discretion to limit the lower-boundary-age of AmeriCorps*NCCC members to 18.

The Corporation CEO, not the NCCC National Director, will make the appointments to the NCCC Advisory Board.

Add individuals representative of non-profit organizations and of organizations with expertise in disaster relief as recommended (but not required) NCCC Advisory Board Members to highlight the NCCC's disaster relief efforts and increasing public-private partnerships.

Eliminate the NCCC cash-out option.

Exempt NCCC staff from the Fair Labor Standards Act relating to overtime.

LEARN AND SERVE AMERICA: HIGHER EDUCATION

CHANGE: Refer to both community-service and the service learning as the purposes of the program.

AMERICORPS*VISTA

CHANGE: Delete the provision stipulating that assistance cannot be denied to any project solely on the basis of the number of years the project has already received DVSA funding for its VISTA project.

TRUST FUND

CHANGE: Allow the Corporation to use Trust money to operate the National Service Scholars program.

AGE REQUIREMENT FOR AMERICORPS GRANTS PROGRAMS

CHANGE: Lower the eligible age limit from 17 to 16 for all AmeriCorps State and National programs while giving programs the option to limit participation to individuals 17 or older or 18 or older.

WORK STUDY

CHANGE: Codify Corporation policy that individuals cannot "double-dip" by earning work-study stipends and AmeriCorps living allowances for the same hours of service. AmeriCorps members <u>are</u> allowed to count work-study service performed in AmeriCorps programs toward their 1700 hour requirement.

DIRECT BENEFIT FOR FOR-PROFIT ORGANIZATIONS

CHANGE: AmeriCorps members will be allowed to provide direct benefit to for-profit organizations in those limited circumstances in which the Corporation determines the direct benefit goes to those being actually served by the organization rather than the organization itself.

COUNTING LIVING ALLOWANCE MONTHLY

CHANGE: Base the amount of living allowance distributed to an AmeriCorps*State or *National member based on months served.

DISABILITY FUNDS

CHANGE: Broaden availability of disability funds to include AmeriCorps State formula grantees, AmeriCorps VISTA projects, and AmeriCorps projects that need to make reasonable accommodations for leveraged volunteers.

INCOME DISREGARD

CHANGE: Require a report to Congress about how national service can be a strategy to effectuate welfare reform.

MINIMUM HOURS OF SERVICE

CHANGE: Exempt AmeriCorps members from the Fair Labor Standards Act and similar State laws.

PAPERWORK REDUCTION ACT

CHANGE: Amend the statute to reflect that the requirements of the Paperwork Reduction Act do not apply for the purposes of collecting statutorily required evaluation information from those who receive assistance from the Corporation.

UNIVERSITY YEAR FOR VISTA

CHANGE: Repeal authorization of University Year for VISTA.

LANGUAGE CHANGES

CHANGE: Codify actual names for all Corporation streams of service in the statutes.

GRANT APPLICATION INFORMATION

CHANGE: Delete section that outlines in detail the specific types of information required in the grant applications for AmeriCorps State and National programs.

Decision Memo, Part II

To: **The Reauthorization Group**
(Frank Beal, Debbie Jospin, Gary Kowlaczyk, Myung Lee, Shirley Sagawa, Jim Scheibel, Gene Sofer, Barry Stevens, Steve Waldman)

From: Stu Loeser

Date: January 10, 1997

Following are summaries of the decisions reached at the Friday's and Monday's reauthorization meetings with Harris. The following will be added to the decision memo we gave to Harris last week to form a cumulative decision memo.

Please note that like the decision memo we gave to Harris last week, the text below is not designed as an option paper. Versions of this memo may be used to put the Corporation's intentions for reauthorization on record.

If you are so inclined, please review this document carefully and forward your comments back to me.

DRAFT

FUNDING STREAMS / COMPETITIVE POOLS

CHANGES: Distribute AmeriCorps*State and National, Learn and Serve America K-12 and Higher Education, and AmeriCorps*VISTA funds based on the 1/3 national direct, 2/3 state-commission formula.

Adjust AmeriCorps*State (not AmeriCorps*National) so that 2/3 of the AmeriCorps*State dollars are distributed by population formula and 1/3 in the form of a "bonus pool." Make "bonus pool" pool based on quality, capacity, and other criteria as defined by the Corporation with input from State Commissions and other partners, and judged by an outside entity yet to be identified..

Place administration of AmeriCorps*VISTA members (except proposed AmeriCorps*VISTA "national direct" members) under State Commissions using the current VISTA formula to determine available slots per state.

Administer Learn and Serve America:K-12 grants (except proposed Learn and Serve America: K-12 "national direct" grants) by State Education Agencies through State Commissions using the current Learn and Serve America K-12 formula to determine available slots per state.

Administer Learn and Serve America: Higher Education grants (except proposed Learn and Serve America: Higher Education "national direct" grants) through State Commissions using the current Learn and Serve America: Higher Ed formula to determine available slots per state.

Administer Senior Corps programs the State Commissions. All current programs will be held harmless until they are recompeted (within 6 years). Senior Programs will not lose administration money.

PROHIBITED ACTIVITIES

CHANGE: Strengthen prohibitions on lobbying and political activity.

DRAFT

State Commissions and the Corporation Board

CHANGES: Extend "to the maximum extent practicable" caveat to State Commission bi-partisanship requirements.

Require *ex oficio* Corporation for National Service representative to State Commissions to be a non-voting member.

Managing Directors

CHANGE: Eliminate one Managing Director slot and provisions for Assistant Directors.

Employees and Personnel Issues

CHANGES: Extend flexibility of the Alternative Personnel System beyond hiring and promotion to include removal for cause.

Allow the Corporation to enter personal service contracts to hire and oversee "temps" individually.

Evaluation Funds

CHANGE: Allow Evaluation funds currently authorized under Subtitle F of the NCSTA to be used for all Corporation sponsored national service programs including those authorized by the DVSA.

Allow evaluation activities to be an acceptable use of funds authorized under individual program sections.

State Admin Match

DRAFT

CHANGE: **Eliminate** the match to reduce micromanagement. As earlier discussed, this would be done with a reduction in overall Corporation dollars per grant.

REPORTING REQUIREMENTS

CHANGES: Eliminate all one-time studies.

Centralize all Reporting requirements in one Division.

Eliminate the requirement that the Corporation evaluate the impact of national service on recruitment of VISTAs and Peace Corps members.

Require the Corporation to evaluate national service's effect on the recruitment efforts of the Armed Forces only if the Secretary of Defense does not do so.

NOTICE, HEARING, AND GRIEVANCE PROCEDURES

CHANGES: Eliminate (costly) binding artbitration for grievances.

Differentiate between AmeriCorps members and outside parties

TRIBES AND TERRITORIES

CHANGE: Establish a single, unified tribe application directly to the Corporation for all AmeriCorps, Learn and Serve, and Senior Corps programs for a particular Tribe or Territory.

FAMILY AND MEDICAL LEAVE

CHANGE: Make all AmeriCorps and Senior Corps members eligible for Family and Medical Leave.