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Memo to Reauthorization Group

From: Stu Loeser

Date: Wednesday, November 27, 1996

Attached please find a copy of the first "longer" reauthorization memo as given to Harris.

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 its 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

WE 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.S.C. §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 *camp*s 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?

* (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?

Memorandum to Reauthorization Group

From: Stu Loeser
Date: January 2, 1997

Attached is the latest draft of our decisions memo to Harris, which was given to him today.

Please note, however, that the primary purpose of tomorrow's reauthorization meeting with Harris is to review the issues we have discussed within the Group but not yet gone over with him – particularly those in "Reauthorization Memo #3" dated December 16, 1996.

Also attached is a refinement of the previously-written-up evaluation options.

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) descending order of priority and significance.

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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 are 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.

Loeser, Stu

From: Waldman, Steven
Sent: Monday, December 30, 1996 10:44 AM
To: Loeser, Stu; Lee, Myung
Subject: reauth

your doing a very good job on the reauth stuff.

one addition: there was one important recommendation in my earned autonomy memo that we didn't get to talk about and which hasn't been reflected in any of the memos to Harris. It's very important we get this on the table and a decision from Harris. It is: a statutory requirement that no less than 5% (or whatever percent we choose) of the Corporation's budget be spent on evaluation.

here is the text I had from that earned autonomy memo:

How will all of this be financed?

Under this system, evaluation would become a core function of the Corporation for National Service. Formula ratings would have quality elements and the basic autonomy of the commissions would be determined by rigorous evaluations and assessments. Consequently, the Corporation would have to be reconstituted to reflect the primacy of this function.

This reauthorization would state that the Corporation must spend an amount equivalent five percent of its total budget on evaluation in any given year. This would pay for not only the systemic evaluation's currently financed by the Corporation, but this entire costly system of commission and program grading. This amount is more than that dedicated to evaluation by most government agencies – but less than that spent by most leading foundations. It would position the Corporation on the cutting edge.

It should be a legislatively stated minimum because over time the pressure at every agency is to cut evaluation spending. This would provide a statutory protection against that pressure. It's particularly important that evaluation remain central to the Corporation because that becomes our only quality assurance tool.

Should programs or commissions be required to contribute to the cost of the peer review and accreditation system? This is the model that colleges and universities use. The downside might be that the commissions could complain that they are having to pay money to pay for "our" bureaucracy. That perception problem might be alleviated if the contribution went to an independent "accreditation body" or "accreditation process" instead of the coffers of the Corporation.

“PRIVATIZATION”

A Privatized Accreditation Body – The act would create a non-profit accreditation body to do the quality grades for the formula and to do the accreditation of the state commissions. It would be established by Congress, with a board of governors nominated by the President and confirmed by Congress. It would get regular appropriations from Congress but could also become financed by fees paid by the commissions.

A Voucherized Training System – The Corporation would stop funding most training. Instead, we would send all the training money to the states. We would then enter into contracts with training entities that could become eligible for state training money *if* they are chosen by those states. (Sort of like the federal health insurance system). This way we could help play a quality-control role but would largely leave it up to the states how to spend their money.

A Full-voucher Pilot Program – The Corporation would have the authority to set up national service along a voucher model. States would have to apply to the Corporation for this waiver, demonstrating, among other things, that there is an adequate system whereby an individual AmeriCorps member could find out about the quality of individual programs. In this state, the state, not the program, would choose AmeriCorps members and then give them each a voucher worth \$15,000 for stipend, scholarship and some program money. The individual would then choose the program based on ratings provided by some local assessment service or Zagats-style guide.

Greater Independence of the Corporation – You could establish the Corporation as a non-profit entity making it a more likely recipient of private and individual contributions. The President would appoint the board of directors and the Senate would confirm – and the Board would appoint the CEO. The Corporation would get regular appropriations from Congress but would work towards establishing it’s own self-sustaining endowment.

The Endowment Model – Congress would set aside in an interest-bearing account \$500 million per year for five years on the condition that at the end of five years, the Corporation would cease to exist as a federal agency. Federal spending on service would be limited to stipends and scholarships. A privatized non-profit corporation would make “venture capital” grants to state commissions or individual programs.

Incentives for Private Contributions to Corporation – As part of a privatization plan (Endowment Model and Greater Independence), you could stipulate that taxpayers could get charitable deductions for giving to the corporation. In addition, if the Coats charitable tax credit proposal moved, we could have the Corporation be an eligible recipient of such donations.

Incentives for Private Contributions to National Service Programs – As part of a phase-out of program money, we could provide a tax credit to anyone who contributed to an AmeriCorps program. We could also provide tax credits for people who contributed to non-profit state commissions.

Privatized Various Particular Functions – The Corporation could simply contract out a list of discreet functions including, evaluation, training, accounting, etc.

Combined Federal Campaign – We could require that any program of the Corporation be included in the Combined Federal Campaign.

Shirley - Can you give me any comments?
Thanks.

- My way

DRAFT

AMERICORPS STATE/NATIONAL FUNDS

1. A portion (33%?) National Leadership Pool - selection, monitoring, etc. by the Corporation
2. **Remainder (67%?) through State Commissions - selection, monitoring, etc. by the State Commissions**

TWO-THIRDS THROUGH STATE COMMISSIONS

1. A portion of the funds (50%?) distributed through population based formula (with minimum amount set to protect the interests of small states) - similar or identical to system we have in place now.
2. **Remaining (50%?) funds distributed through a formula based on quality -** While the Corporation doesn't select or approve the quality of the individual programs that a State proposes to fund, the Corporation will determine whether or not a State is "of such quality" that "deserves" any of the "quality" money.

FORMULA BASED ON QUALITY

I. Criteria

A. Overall quality of programs in the State

1. *What is quality and who sets those standards?* The Corporation, with input from the Commissions and the programs, would set the standard for "quality." The "input" process should be fairly open. Federal register notice for comments, focus groups (?), town meetings, etc. . The entire process could be facilitated by an outside entity to give it more of an "independent" feel.
2. *Who would evaluate the programs to determine whether they meet the "quality" standards?* An outside entity - contracted by the Corporation - would evaluate the quality of the programs and give a rating to each State based on the overall quality of the programs (1 being the lowest and 5 being the highest).
3. *How many programs in a State should be evaluated?* Do we evaluate the quality of every single program in the State or do random sampling? A random sampling is recommended since evaluating every single program would be costly and time-consuming. However, how many programs per State constitutes "random sampling"? - What to do for those small States with a small number of programs?

4. *How often should programs be evaluated?* Every year? Two years? Three years?

B. Commission Capacity

1. *What do we mean by "Commission Capacity?"* A good starting point for this discussion would be the Corporation document entitled, "The Role of the State Commission." The Corporation would determine, with input from the State Commissions and programs, what a State Commission is responsible for. Then, the Corporation, with input from the field, would determine a method for evaluating the systems and procedures that State Commissions have in place to accomplish these specific responsibilities. The entire process could be facilitated by an outside entity to give it more of an "independent" feel.
2. *Who would evaluate the Commissions?* Panels of reviewers would evaluate the capacity of each State Commission to carry out its duties and give it a rating – 1 being the lowest and 5 being the highest. Each panel would be composed of State Commission representatives (State Commissioners rather than staff?), Corporation staff, and outside entity. The outside entity could be a facilitator rather than an evaluator. One panel for each cluster could be established and the review system could be set up so that no two panels can evaluate each others' states. For example, the Atlantic Cluster and North Central Cluster panels will not evaluate each other's states.
3. *How often would State Commission capacity be measured?* Every State Commission can be evaluated once every set number of years. Or, those that rate higher get evaluated less frequently than the ones that rate lower.

C. Size of the State

The size of the state should be taken into account because the capacity to absorb the money effectively, is in part, a function of size. On a straight calculation, the Corporation may give more money to a particular state than they may want or know what to do with. For example, a small State may get more money than the number of programs the State actually has to fund. The states should be grouped and ranked into 5 size groups – 1 being the smallest and 5 being the largest.

II. Weight

The above criteria should be weighted according to their "importance". For example, "quality of programs" could be weighted at 60% and "commission capacity" could be at 30% and population could be at 10%.

III. Quality Formulas

- A. *[Program Quality Ranking x ---%] + [Commission Capacity Ranking x ---%] + [State Population Ranking x ---%] = Percentage of Total Quality Funds.*

This formula distributes the funds based on relative quality. The amount of money that a certain State will get depends on how all of the other States rate. If all 50 States get the same ranking, they'll each get an equal amount of money. Those that score high will get a greater portion of money.

Because each state gets a portion of money, some may argue that this formula assumes everyone is 'of quality.' No matter how "bad" you are, you get something.

- B. *In order to get portion of "quality formula" money, a State must have a certain rating (ex. 2 out of 5) for program quality and a certain rating (ex. 3 out of 5) for Commission capacity. Once a State passes that threshold test for "quality", then the formula in Option A is applied to those states that "passed" and only they get their share of quality funds.*

This option deals with the problem of everyone getting something regardless of the quality rating. However, certain States will fall out of the equation and not get anything.

- C. *Combination of Option A and Option B. Every State gets percentage calculated using the formula in option A. Then, those that fall below the "quality" threshold (as set out in option 2), get their share of the money for TA rather than for funding programs.*
- D. *Go with Option B but set aside a portion of the quality funds to use as TA money for those States that don't make the cut.*

This is slightly different than Option C. Option C gives each State a formulaic "share" of the "quality" pot of money but the share of money is to be used for TA or program funds based on the rating. Under Option D, only the "quality" states get a "share" of the quality pot. Those that don't make the cut get TA with money set aside from the quality pot. It's mostly a matter of perception. Option D also gives the Corporation more flexibility in determining the amount of TA money a "non-quality" State should receive.

RELATED ISSUES

- Quality of Programs: Do we evaluate the quality of AmeriCorps State programs only or do we look at the other programs selected/monitored by the State (seniors, VISTA, L & S)?
- Would the ratings be used for any other purposes?


DRAFT

Fifty State Ratings

Option A

STATE	0.6 qual	0.3 cap	0.1 pop	score	% of total Quality Funds	70000000 Quality Pool
A	5	5	5	5	0.028201	1974055
B	5	5	1	4.6	0.025945	1816131
C	5	5	2	4.7	0.026509	1855612
D	5	5	3	4.8	0.027073	1895093
E	5	5	4	4.9	0.027637	1934574
F	5	5	5	5	0.028201	1974055
G	5	5	3	4.8	0.027073	1895093
H	5	5	3	4.8	0.027073	1895093
I	5	5	5	5	0.028201	1974055
J	5	4	3	4.5	0.025381	1776650
K	5	4	4	4.6	0.025945	1816131
O	5	4	3	4.5	0.025381	1776650
P	5	4	3	4.5	0.025381	1776650
L	5	3	3	4.2	0.023689	1658206
M	5	3	4	4.3	0.024253	1697688
N	5	3	3	4.2	0.023689	1658206
Q	4	5	3	4.2	0.023689	1658206
R	4	5	1	4	0.022561	1579244
S	4	4	4	4	0.022561	1579244
W	4	4	1	3.7	0.020869	1460801
Y	4	4	5	4.1	0.023125	1618725
T	4	3	4	3.7	0.020869	1460801
U	4	3	5	3.8	0.021433	1500282
V	4	3	2	3.5	0.019741	1381839
X	4	3	4	3.7	0.020869	1460801
Z	3	5	3	3.6	0.020305	1421320
AA	3	5	3	3.6	0.020305	1421320
PP	3	5	3	3.6	0.020305	1421320
BB	3	4	2	3.2	0.018049	1263395
CC	3	4	4	3.4	0.019177	1342358
RR	3	4	4	3.4	0.019177	1342358
DD	3	3	3	3	0.01692	1184433
EE	3	3	4	3.1	0.017484	1223914
VV	3	3	1	2.8	0.015792	1105471
FF	3	2	1	2.5	0.0141	987027.6
GG	3	2	4	2.8	0.015792	1105471
HH	2	2	3	2.1	0.011844	829103.2
II	2	5	3	3	0.01692	1184433
JJ	2	5	2	2.9	0.016356	1144952
KK	2	4	2	2.6	0.014664	1026509
LL	2	3	2	2.3	0.012972	908065.4
MM	2	3	2	2.3	0.012972	908065.4
NN	2	3	2	2.3	0.012972	908065.4
OO	2	3	1	2.2	0.012408	868584.3
SS	2	3	5	2.6	0.014664	1026509
TT	2	3	4	2.5	0.0141	987027.6
UU	2	3	5	2.6	0.014664	1026509
VVW	2	3	5	2.6	0.014664	1026509
QQ	1	4	1	1.9	0.010716	750141
XX	1	1	4	1.3	0.007332	513254.4
				177.3		70000000

Rank	Qual	Cap	Pop
1			7
2	12		8
3	11	18	15
4	9	12	12
5	16	16	8
	50	50	50

 Denied Quality Funds

DRAFT

45 States' Funding

STATE	Weights			score		Quality Pool
	0.6	0.3	0.1			
qual	cap	pop				70000000
A	5	5	5	5	0.029994	\$2,099,580
B	5	5	1	4.6	0.027594	\$1,931,614
C	5	5	2	4.7	0.028194	\$1,973,605
D	5	5	3	4.8	0.028794	\$2,015,597
E	5	5	4	4.9	0.029394	\$2,057,588
F	5	5	5	5	0.029994	\$2,099,580
G	5	5	3	4.8	0.028794	\$2,015,597
H	5	5	3	4.8	0.028794	\$2,015,597
I	5	5	5	5	0.029994	\$2,099,580
J	5	4	3	4.5	0.026995	\$1,889,622
K	5	4	4	4.6	0.027594	\$1,931,614
O	5	4	3	4.5	0.026995	\$1,889,622
P	5	4	3	4.5	0.026995	\$1,889,622
L	5	3	3	4.2	0.025195	\$1,763,647
M	5	3	4	4.3	0.025795	\$1,805,639
N	5	3	3	4.2	0.025195	\$1,763,647
Q	4	5	3	4.2	0.025195	\$1,763,647
R	4	5	1	4	0.023995	\$1,679,664
S	4	4	4	4	0.023995	\$1,679,664
W	4	4	1	3.7	0.022196	\$1,553,689
Y	4	4	5	4.1	0.024595	\$1,721,656
T	4	3	4	3.7	0.022196	\$1,553,689
U	4	3	5	3.8	0.022795	\$1,595,681
V	4	3	2	3.5	0.020996	\$1,469,706
X	4	3	4	3.7	0.022196	\$1,553,689
Z	3	5	3	3.6	0.021596	\$1,511,698
AA	3	5	3	3.6	0.021596	\$1,511,698
PP	3	5	3	3.6	0.021596	\$1,511,698
BB	3	4	2	3.2	0.019196	\$1,343,731
CC	3	4	4	3.4	0.020396	\$1,427,714
RR	3	4	4	3.4	0.020396	\$1,427,714
DD	3	3	3	3	0.017996	\$1,259,748
EE	3	3	4	3.1	0.018596	\$1,301,740
VV	3	3	1	2.8	0.016797	\$1,175,765
II	2	5	3	3	0.017996	\$1,259,748
JJ	2	5	2	2.9	0.017397	\$1,217,756
KK	2	4	2	2.6	0.015597	\$1,091,782
LL	2	3	2	2.3	0.013797	\$965,807
MM	2	3	2	2.3	0.013797	\$965,807
NN	2	3	2	2.3	0.013797	\$965,807
OO	2	3	1	2.2	0.013197	\$923,815
SS	2	3	5	2.6	0.015597	\$1,091,782
TT	2	3	4	2.5	0.014997	\$1,049,790
UU	2	3	5	2.6	0.015597	\$1,091,782
WW	2	3	5	2.6	0.015597	\$1,091,782
				166.7	1	\$70,000,000

OPTION B

FF	3	2	1	2.5	0.014997
GG	3	2	4	2.8	0.016797
HH	2	2	3	2.1	0.012597
QQ	1	4	1	1.9	0.011398
XX	1	1	4	1.3	0.007798

|| "DROPPED" STATES...

Rank	Qual	Cap	Pop
1			5
2	11		8
3	9	18	14
4	9	11	10
5	16	16	8
	55	56	45

■ Denied Quality Funds

1997-1998 GRANT TARGETS

KEY OBJECTIVE

- The 1997-98 grant target is \$17,000 per AmeriCorps Member, defined as budgeted cost per grant plus education award plus overhead/administration/other costs directly attributable to AmeriCorps.

SUMMARY OF ANALYSIS

- Setting a target requires assumptions primarily about the number of education award only programs and whether the current program mix of State and Direct programs will continue into the future.
- The attached sheet¹ summarizes the current cost per Member and displays alternative 1997-98 grant targets to meet the \$17,000 amount under alternative levels of education award only programs. The analysis assumes that federal agencies do not count in the calculation, and that the current mix of programs and related costs (e.g., current education award only programs) will continue. (Note explanatory footnotes.)

RECOMMENDATIONS

- The recommendation is that the State average be reduced by about \$500, and be set at \$11,775 (excludes child care, education award, and \$2,000 in other costs). National directs would be told that about a 3-4% reduction in the cost per Member is expected. This is based on 2,000 new education award only grants. Alternatively, if this amount is increased to 3,000, there would be no need for any decrease in average State grants for 1997-98 or a 3-4% reduction in national direct costs.

KEY ISSUES

- Should the average target apply equally to all States for the State grant program or should there be greater flexibility? [see attached materials from David Rymph]
- What should we say, if anything, about the next two program years? The goal is \$16,000 per Member in 1998-99 and \$15,000 per Member in 1999-2000. [A rough rule of thumb is that you need 1,000-1,250 new education award only Members for every \$500 reduction in the overall cost per Member. Since the other costs (ed. award/\$2,000/child care) are fairly fixed, then the only other alternative is to reduce the program grants.
- How should we treat inflation in setting these targets?

¹ This sheet has detailed calculations supporting the conclusions, all of which are stated in terms of cost per Member. Note the footnotes carefully.

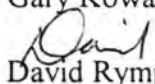
Alternative Ceilings for 1997-98 Grant Competition
 Analysis of Amounts Needed to Meet \$17,000 Average
 Average Budgeted Amount Per FTE Member

	1995 Base =====	1997 Base =====	---Amts. to Meet Sen. Grassley Targets-----		
			1997 With No New Ed Awards =====	1997 With 2,000 New Ed Awards =====	1997 With 3,000 New Ed Awards =====
Do not count Fed Agencies:					
State Grants	\$12,509	\$12,509	\$11,108	\$12,025	\$12,570
National Direct Grants New Ed Award Only	\$9,498	\$10,500 1/	\$9,041	\$10,168 \$1,000	\$10,630 \$1,000
All Grants	\$11,575	\$11,692	\$10,319	\$10,275	\$10,275
All Grants + \$6,725	\$18,300	\$18,417	\$17,044	\$17,000	\$17,000
Count Federal Agencies:					
State Grants	\$12,509	\$12,509	\$11,700	\$12,600	\$12,890
National Direct Grants New Ed Award Only	\$8,771	\$8,771	\$8,200	\$8,760 \$1,000	\$8,960 \$1,000
All Grants	\$10,993	\$10,993	\$10,275	\$10,275	\$10,275
All Grants + \$6,725	\$17,718	\$17,718	\$17,000	\$17,000	\$17,000

1/ Assumes that Federal agency grants will be replaced by non-federal programs with average Corporation cost of \$12,000, resulting in a baseline average of \$10,250.

2/ The amounts include \$250 per Member for child care, which is often not included by States in their calculations of amounts per Member per grant. We may need to deduct when giving levels to States.

MEMO

TO: Gary Kowalczyk
FROM: 
David Rymph
DATE: July 2, 1996
SUBJ: CNS Cost per FTE by State

Stimulated by our conversation this morning, I came back to my office and ran the State averages. They are shown in the attached table where I include total FTE for each state and the estimated average CNS cost per FTE in 1995. Some summary findings are:

* The average costs range from a low of \$ 8,156 in Minnesota to \$ 15,300 in Alaska. This is a range of \$ 7,144.

* The average of the State averages is \$ 12,300.

* The five highest States are

AK	15314.32
RI	14623.27
NH	14410.96
NM	14308.89
LA	14285.32

* The five lowest States are

MN	8151.57
NE	9092.22
OR	9351.01
MT	9359.83
MA	10171.58

Attachment

cc: Shirley Sagawa
Terry Russell
Tracy Gray
Gene Sofer
Steven Waldman

Estimated Avg. CNS Cost per FTE by State, 1995
 AmeriCorps*State Programs (N=325)

	FTE	CNS Share of Total Cost per FTE
	Sum	Mean
STATE	4320.25	13713.43
AK	89.50	15314.32
AL	147.00	10804.98
AR	47.50	13055.68
AZ	98.50	12610.25
CA	1174.25	14107.27
CO	96.00	11805.35
CT	247.00	13262.46
DC	17.50	13545.43
DE	40.00	12951.73
FL	258.00	14040.18
GA	295.00	12908.76
HI	46.50	12497.03
IA	101.50	11912.67
ID	23.00	12471.22
IL	286.00	12431.26
IN	158.50	11733.56
KS	119.00	13366.77
KY	192.50	12765.04
LA	152.50	14285.32
MA	557.50	10171.58
MD	442.50	13538.44
ME	42.00	14098.86
MI	262.00	11740.03
MN	371.00	8151.57
MO	189.25	13166.46
MS	55.50	12262.77
MT	146.50	9359.83
NC	264.33	10614.67
NE	40.00	9092.22
NH	75.50	14410.96
NJ	413.42	11718.72
NM	41.50	14308.89
NV	27.50	13111.26
NY	811.50	11821.88
OH	234.50	14041.00
OK	66.00	11984.14
OR	125.75	9351.01
PA	316.00	12785.72
PR	91.00	12921.75
RI	145.50	14623.27
SC	88.00	12184.99
SD	12.00	13090.51
TN	244.83	12149.17
TX	898.50	11168.00
UT	59.50	11362.62
VA	95.00	10561.73
VT	22.50	13067.42
WA	627.75	10707.95
WI	150.50	11933.34
WV	55.33	11622.78
WY	51.75	10723.39

Message for Algra, Diana

From: Sagawa, Shirley
Date: Fri, Jun 28, 1996 6:42 PM
To: Russell, Terry; Algra, Diana; Rosenberry, Peg

This is my understanding of Harris's decision on the '97 priorities:

The new priority for "children and youth, especially education" supercedes the eight '94 and five '95 priorities. However, he expects to see examples that fit into many of the previous priority categories included in the applications (ie immunization; lead based paint; etc.).

The children and youth priority can be achieved in any of the four issue areas (education, public safety, environment, and other human needs -- this is how he wants them stated), and unlike previous priorities, not every program is expected to meet the priorities. A program that merely involves young AmeriCorps members would not be considered to meet the priority; however, if the AmeriCorps Members recruit high school (or younger) volunteers to assist them, then the priority would be met.

Having a strong children/youth component (as opposed to having a single focus) would allow the program to claim the priority. He also wants to ask states to consider the national priority even for formula, although we would certainly stop short of requiring it. He would like to review examples we develop.

Memo to Reauthorization Group

From: Stu Loeser

Date: January 14, 1997

Attached is a copy of yesterday's memo to the Board, as placed in the Board books.

Also attached is Gary's chart of how funds would work out for each state under AmeriCorps grants, A*VISTA, and Learn and Serve formulas.

See you at tomorrow's meeting (2-4PM), at which we'll take up Steve's privatization memo.

Memorandum to the Board of Directors

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

Re: Major Issues for the Reauthorization of the National Service Acts.

Date: Monday, January 13, 1997

CORPORATION
FOR NATIONAL
 SERVICE

The following are the most important aspects of national service that could be changed through the reauthorization of the National and Community Service Trust Act of 1990, as amended, and the Domestic Volunteer Service Act of 1973, as amended.

These issues were identified and addressed by the Chief Executive Officer and our inter-departmental working group after discussions with the field and staff. Broadly speaking, the major issues are: coordinating how funds are distributed; devolving authority to the states; simplifying the Corporation's financial relationships with its grantees; reforming other program streams and resolving language difficulties with education awards and age limits. Our strategy is based on the Corporation's Strategic Plan and will support the achievement of the mission and three-year goals.

Further, in-depth consultations will take place over the next several months after the Chief Executive Officer approves the proposed policy changes. Among these consultations will be a wider review by the staff, review by the Office of Management and Budget, and conferences with national direct and other grantees, State Commission Executive Directors, State Commission Chairs, the Grantmakers' Forum, and Congressional staff.

Please note that the following is not an exhaustive list of proposed changes. Minor and/or uncontroversial changes to the Acts and proposed changes to regulations as part of the overall reauthorization process are not detailed.

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

FUNDING STREAMS

BACKGROUND: Current complex program administrative structures don't encourage collaboration between programs. Current structures cause confusion among prospective program applicants and partners about how to access national service resources.

CHANGES: Except for the funds reserved for "national direct-style" programming within each program area (except the Senior Corps), administer programs through the State Commissions.

Distribute **AmeriCorps grants, 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.

The Corporation will have responsibility for administering the multi-state national direct projects for **AmeriCorps*National** as well as 1/3 of **AmeriCorps*VISTA, Learn and Serve America K-12 and Higher Ed,** and all of Tribes and Territories through a national direct pool.

The Corporation will retain responsibility for operation of the **AmeriCorps*National Civilian Community Corps.**

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."

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

Learn and Serve America: K-12 grants (except proposed "national direct" grants) will be awarded to 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 "national direct" grants) through State Commissions using the current Learn and Serve America: Higher Ed formula to determine available slots per state.

Administer **National Senior Service Corps** programs through the State Commissions. All current programs will be held harmless until they are recompeted (within 6 years). No funds from local grantees will be diverted to State Commissions to administer Senior Corps programs.

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.

BACKGROUND: The current process for selecting individual programs for funding from the AmeriCorps*State competitive pool is time- and labor-intensive and is sometimes construed as the Corporation second-guessing states. "Objective third parties" are under-utilized and the field's expertise and knowledge of current programs and conditions are not integral parts of the current decision-making process. The needs for fairness and effectiveness in the competitive process and the degree of resources it consumes hinders the Corporation's ability to engage in aggressive efforts to assist programs in improving their quality.

CHANGE: The AmeriCorps*State competitive funds will be made into a "bonus pool" to be awarded to states for competitive distribution to programs. The share of the bonus pool awarded to each state will be based on State Commission and program quality, capacity, and other criteria as defined by the Corporation with input from State Commissions and other partners, and implemented by an outside entity funded by the Corporation through a competitive process.

AMERICORPS FIXED GRANTS

BACKGROUND: The process for negotiating detailed grant amounts with potential grantees is time-intensive, subjective, and results in significant differences between similar programs.

CHANGES: Codify the Grassley agreement and the current practice of asking states to achieve a specific average cost-per-member. No individual cost per member will be allowed to exceed a set cap. National Direct programs will have a fixed cap on cost per member to be calculated based on the average cost per member amount for all members in the program.

The legislation will specify that the Corporation should set the average and maximum by regulation. The Corporation should report the average and maximum to the appropriate committees of the Congress.

MATCHES FOR AMERICORPS, LEARN AND SERVE AMERICA K-12 AND HIGHER EDUCATION, AND STATE COMMISSION ADMINISTRATION

BACKGROUND: The Corporation spends a significant amount of resources monitoring

compliance with matching requirements. Match requirements are overly prescriptive and inconsistent across program streams. The way the match is now structured has led to criticism about “total available resources” available to programs and confuses people about the amount of taxpayer funds dedicated to the program.

CHANGE: Eliminate the match requirements in conjunction with establishing standard grant amounts. 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 standardized grant amounts, programs will have to find additional resources to operate.

SENIOR CORPS PROGRAMS

BACKGROUND: The Senior Corps needs to ensure that programs receiving funds are of the highest quality and no grantee feels entitled to funding regardless of quality.

CHANGE: All Senior Corps programs will be required to re-compete at least every six years. One criteria will be the impact of the program on the community.

BACKGROUND: The statute does not authorize enough funds to evaluate Senior Corps programs. The legislation should increase funds available to evaluate Senior Corps programs without taking program funds from Seniors.

CHANGE: Remove the 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 will also be used to evaluate all Corporation programs.

LEARN AND SERVE AMERICA: K-12 AND HIGHER ED

BACKGROUND: There is confusion about the focus of these programs.

CHANGE: Refer to both student community-service and the service learning as the purposes of the program. Expand emphasis on capacity building and strengthening the service-learning infrastructure within and across education institutions.

EDUCATION AWARDS

BACKGROUND: Because the Education Award counts as taxable income in the year(s) it is used, the actual value to AmeriCorps members may be reduced.

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

BACKGROUND: AmeriCorps members accrue legitimate educational debt through institutions that are not covered under the current Act, which is tied to the Higher Education Act.

CHANGE: 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.

LOWER-AGE LIMITS OF AMERICORPS*NCCC AND AMERICORPS*STATE AND NATIONAL MEMBERS

BACKGROUND: Age limits across these programs are inconsistent. Programs need greater flexibility to recruit individuals appropriate for the programs.

CHANGES: Allow the AmeriCorps*NCCC to limit participation, which is now set at individuals ages 16-24, at 18. Retain the flexibility to recruit 16- and 17-year olds for appropriate projects, such as summer programs. Lower the eligible age limit from 17 to 16 for all AmeriCorps*State and National programs, but maintain programs’ option to limit participation to individuals 17 or older or 18 or older.

Comparison of Funding via AmeriCorps Grants, VISTA, and Learn and Serve Allocations
Hypothetical Distribution of \$100 Million in Funding

State =====	State Population Estimates =====	-----AMERICORPS GRANTS 1/-----			-----VISTA 2/-----		-----L&S 3/-----		-----Percentage Differences-----		
		Distribution of \$100 MILLION (\$ 000) =====	Distribution of \$100 MILLION (\$ 000) =====	Distribution of \$100 MILLION (\$ 000) =====	Grants vs. VISTA =====	Grants vs. L&S =====	VISTA vs. L&S =====				
Alabama	4,252,982	\$1,597	\$2,337	\$1,695	-31.67%	-5.81%	37.85%				
Alaska	603,617	227	162	250	39.56%	-9.43%	-35.10%				
Arizona	4,217,940	1,583	1,186	1,550	33.46%	2.17%	-23.44%				
Arkansas	2,483,769	932	1,430	1,025	-34.79%	-9.07%	39.45%				
California	31,589,153	11,859	10,251	11,312	15.68%	4.84%	-9.37%				
Colorado	3,746,585	1,406	962	1,213	46.24%	15.91%	-20.74%				
Connecticut	3,274,662	1,229	793	975	55.10%	26.04%	-18.74%				
Delaware	717,197	269	223	246	20.60%	9.61%	-9.11%				
District of Columbia	554,256	208	368	218	-43.43%	-4.59%	68.65%				
Florida	14,165,570	5,318	4,177	4,462	27.31%	19.19%	-6.38%				
Georgia	7,200,882	2,703	2,870	2,613	-5.82%	3.44%	9.83%				
Hawaii	1,186,815	446	357	359	24.63%	24.05%	-0.46%				
Idaho	1,163,261	437	456	425	-4.18%	2.87%	7.36%				
Illinois	11,829,940	4,441	4,290	4,595	3.52%	-3.34%	-6.63%				
Indiana	5,803,471	2,179	1,800	1,914	21.07%	13.81%	-5.99%				
Iowa	2,841,764	1,067	998	941	6.93%	13.35%	6.00%				
Kansas	2,565,328	963	782	914	23.11%	5.32%	-14.45%				
Kentucky	3,860,219	1,449	2,032	1,625	-28.70%	-10.80%	25.11%				
Louisiana	4,342,334	1,630	2,583	2,278	-36.88%	-28.43%	13.39%				
Maine	1,241,382	466	460	428	1.22%	8.99%	7.67%				
Maryland	5,042,438	1,893	1,321	1,564	43.26%	21.03%	-15.51%				
Massachusetts	6,073,550	2,280	1,739	1,937	31.11%	17.72%	-10.21%				
Michigan	9,549,353	3,585	3,298	4,110	8.71%	-12.78%	-19.77%				
Minnesota	4,609,548	1,730	1,307	1,554	32.39%	11.35%	-15.89%				
Mississippi	2,697,243	1,013	1,907	1,458	-46.90%	-30.56%	30.76%				
Missouri	5,323,523	1,998	1,966	1,867	1.66%	7.04%	5.29%				
Montana	870,281	327	368	365	-11.18%	-10.54%	0.72%				
Nebraska	1,637,112	615	569	542	7.94%	13.30%	4.97%				
Nevada	1,530,108	574	268	419	114.24%	37.13%	-35.99%				
New Hampshire	1,148,253	431	246	343	75.20%	25.81%	-28.19%				
New Jersey	7,945,298	2,983	2,252	2,449	32.46%	21.78%	-8.06%				
New Mexico	1,685,401	633	761	791	-16.89%	-20.01%	-3.75%				
New York	18,136,081	6,808	7,507	7,701	-9.31%	-11.59%	-2.52%				
North Carolina	7,195,138	2,701	2,726	2,279	-0.92%	18.52%	19.61%				
North Dakota	643,539	242	277	254	-12.68%	-4.89%	8.92%				
Ohio	11,150,506	4,186	3,796	4,318	10.27%	-3.05%	-12.08%				
Oklahoma	3,277,687	1,230	1,330	1,261	-7.48%	-2.40%	5.49%				
Oregon	3,140,585	1,179	1,070	1,096	10.19%	7.58%	-2.36%				
Pennsylvania	12,071,842	4,532	3,951	4,418	14.69%	2.58%	-10.56%				
Puerto Rico (1993)	3,622,063	1,360	6,477	2,687	-79.01%	-49.40%	141.01%				
Rhode Island	989,794	372	307	327	21.06%	13.64%	-6.13%				
South Carolina	3,673,287	1,379	1,624	1,365	-15.09%	1.03%	18.98%				
South Dakota	729,034	274	393	296	-30.38%	-7.42%	32.97%				
Tennessee	5,256,051	1,973	2,390	1,838	-17.45%	7.37%	30.06%				
Texas	18,723,991	7,029	6,874	8,047	2.26%	-12.65%	-14.58%				
Utah	1,951,408	733	578	744	26.84%	-1.54%	-22.37%				
Vermont	584,771	220	193	225	13.75%	-2.38%	-14.18%				
Virginia	6,618,358	2,485	1,984	1,910	25.23%	30.05%	3.85%				
Washington	5,430,940	2,039	1,544	1,788	32.05%	14.06%	-13.63%				
West Virginia	1,828,140	686	931	825	-26.32%	-16.80%	12.92%				
Wisconsin	5,122,871	1,923	1,387	1,961	38.67%	-1.91%	-29.26%				
Wyoming	480,184	180	142	224	27.20%	-19.62%	-36.81%				
TOTAL	266,379,505	\$100,000	\$100,000	\$100,000	0.00%	0.00%	0.00%				

1/ Formula only (pop. based) ; no adjustments for small state minimum as included in the regulations.

2/ Formula only; no adjustments for prior year experience or other items as included in practice.

3/ Formula only (school age plus pov. based); no adjustments for actual competitive grants, which represents 25% of the total.

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Memo to Shirley and Gene

From: Stu
Re: Memo to Board
Date: January 10, 1997

Attached is the draft memo to the Board explaining major decisions for reauthorization of the Trust Acts.

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Memorandum to the Board of Directors

From: ??
Re: Major Issues for the Reauthorization of the National Service Acts.
Date:

The following are the most important aspects of national service that could be improved through the reauthorization of the National and Community Service Trust Act of 1993 and the Domestic Volunteer Service Act of 1973.

These issues were identified and addressed by the Corporation's Chief Executive Officer and an inter-departmental working group after extensive consultation with the field – national service projects and programs, State Commissions and State Program Offices, private- and independent-sector partners, and other interested parties.

Please note that the following is not an exhaustive list of proposed improvements. Minor and/or uncontroversial changes to the Acts and proposed changes to regulations as part of the overall reauthorization process are not detailed.

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FUNDING STREAMS

PROBLEM: Current program structures create disconnects between programs. (For instance, they do not encourage Learn and Serve America: Higher Education programs to work closely with AmeriCorps*State projects.) Current program structures are duplicative.

The Corporation puts too much focus on judgment of grant application quality at the expense of other activities.

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.

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, and Tribes and Territories through a national direct pool.

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

There will be a phase-in period to ensure that the increased responsibility

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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

PROBLEM: The Corporation spends too much in resources negotiating grant amounts with projects.

CHANGES: Codify the current practice of awarding a state "\$###,000 to be used to support ### AmeriCorps members, at an average cost per member of \$##,000. No individual cost per member may exceed \$##,000." 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.

MATCHES FOR AMERICORPS, LEARN AND SERVE AMERICA K-12 AND HIGHER EDUCATION, AND STATE COMMISSION ADMINISTRATION

PROBLEM: The Corporation spends too much in resources monitoring grantee matches. Match requirements are overly prescriptive and inconsistent across programs. Match structure leads to unfair confusion of "total available resources" and "cost to the federal taxpayer."

CHANGES: Eliminate the match requirements. 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

PROBLEM: Because the Education Award counts as taxable income in the year(s) it is used, the value to AmeriCorps members is reduced significantly. AmeriCorps members accrue legitimate educational debt through institutions that are not covered under the current Act.

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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.

SENIOR PROGRAMS

PROBLEM:

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.

LEARN AND SERVE AMERICA: K-12 AND HIGHER ED

PROBLEM: There is confusion over the focus of these programs.

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

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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.

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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.

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STATE COMMISSIONS AND THE CORPORATION BOARD

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

Require *ex officio* 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

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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 arbitration 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.

DRAFT

Memo to Reauthorization Group

From: Stu

Attached please find a draft of a memo to Harris outlining everything we've discussed at reauthorization meetings that we have not yet presented to him.

If we get through the rest of our first memo to him, we may begin to address these issues in our meeting with Harris on Tuesday.

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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:

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.

EARNED AUTONOMY

The Group sees three options for “earned autonomy”:

- A two- or three-tiered system, in which good 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 agreed 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.

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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.

VISTA STRUCTURE

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

- **All positions are determined and distributed from headquarters as part of the National Leadership Pool.**
- **Some proportion of positions are determined and distributed from headquarters as part of the National Leadership Pool. The rest go to states as block grants**
- **Some proportion of positions are determined and distributed 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 the currently are – based on population.

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,

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centralized authority should be authorized under each relevant place (Learn and Serve, AmeriCorps grants, etc.) that we could later operate as a coordinated system.

LEARN AND SERVE AMERICA K-12

The Group several issues related to Learn and Serve America K-12 under the proposed devolution/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 in how much guidance the Corporation should have regarding the ratio of which types of organizations can get 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.**

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.

If State Commissions were to receive the bulk of the L&SA K-12 money, then SEAs

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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, they 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.

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.

Others feel that not only can the current structure be fairly characterized as micromanagement, the fact that the statute is far less prescriptive regarding the Corporation's Board smacks of Washington arrogance.

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 asked 'why we would want to add more requirements?' In fact, neither the (Bush-era) Commission nor the Corporation has even come close to *filling* the Board.

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 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.

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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 in the statute. 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 a governor doesn'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.

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.

MANAGING DIRECTORS

The Group disagreed as to what should be done with the five PAS slots that are

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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**
- **No changes.**

At no time have we had a full complement. 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 Directors (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.

A final option is to eliminate just one of the MD slots.

EMPLOYEES AND PERSONNEL ISSUES

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.

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).

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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 all agree that the union and others would be strongly opposed to this.

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.

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.**

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.

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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 to the problems this presents 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 saving can stay within the state. Establishing Legislative History on this transfer might be extremely helpful.

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.

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 should be moved to Subtitle G for the

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sake of consistency.

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 advocated 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.

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.

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.

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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.

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.

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