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VII

AmeriCorps State/National Options Paper
Grant Structure

What would be the effect of eliminating payment of "program support" where the Corporation covers only Member support costs?

This options paper examines models for structuring the Corporation's grants programs and describes various granting structures and their ramifications for Corporation grants management and oversight.

BACKGROUND

In order to understand the options we need to define both Member and program support and what we would include in each category.

Member Support. We are defining Member support to include all costs directly related to supporting Members:

- Living allowances
- Benefits, including health insurance, worker's compensation, FICA
- Training and orientation
- Transportation and travel of Members
- Educational Award (paid directly from Trust Fund)

Program Support. Program support includes all other costs associated with operating a service program, including:

- Supervision and training of Members
- Training, orientation and travel of staff
- Supplies and equipment for service projects
- Management and oversight of the program
- Evaluation
- Liability insurance specific to the AmeriCorps program
- Office costs, including space, phone, materials, copying, etc.
- Administrative costs, including accounting, auditing, executive oversight

CURRENT GRANT STRUCTURES

AmeriCorps State and National. Under the current grant structure, programs can apply for funds to cover both Member and program support. In many cases, Members are placed in teams or groups with existing CBOs to enhance the specific mission of the organization, such as low-income housing construction (Habitat for Humanity) or environmental enhancement (EPA). In other cases, Members are part of a program in which service by Members is the primary mission and Members provide their service through a network of CBOs and government agencies in which they are placed, such as the East Bay Conservation Corps or City Year. The Corporation negotiates budgets with each program and an award made for allowable costs included in the negotiated budget.

Because grants include both Member and program support costs, the cost per Member can be calculated from the grant amount. Categories of allowable costs in grants are:

AmeriCorps VISTA. Under AmeriCorps VISTA, organizations apply to the Corporation State Director for placement of a Member(s) in their organization to meet specific goals and objectives which are approved and negotiated by the State Director. The State Director also coordinates recruitment, selection, training and orientation of the Members. In most cases, the sponsor organization receives no funds directly. However, about 25% of the organizations are given very small amounts - usually no more than $2,000 - for other costs, such as part-time supervision, on-the-job travel for VISTAs, etc.

The Corporation pays Members through a national system and the federal government is essentially the "employer" of the VISTA, handling payroll, health benefits, pre-service orientation, relocation travel and worker's compensation, if needed. In this way, Corporation, state and headquarter staff provide certain elements of management. The project sponsor is expected to provide direct supervision, office space, project support, on-the-job travel and all other support costs for VISTAs serving in the organization.

Under the VISTA system, the costs associated with the Corporation state offices include some program support costs that are included in grants under AmeriCorps state and national. To calculate a true cost per VISTA Member, some of the state office costs should be included. The Corporation's finance office estimates that figure to be between $17,000 and $18,000.

OPTIONS FOR GRANT STRUCTURE

Option 1: Provide grants for Member Support Only - (No national payroll)

This scenario assumes that the Corporation would make grants to organizations for Member Support only. The organizations would be given grants just for those costs and would payroll the Members through their own systems.

Advantages
- Grant negotiating process would be simplified.
- Costs per Member of grants directly to programs would be lower.

Disadvantages
- Members could not be placed in teams or groups in organizations, because the grants could not cover the direct supervision and other costs associated with large group placements.
- Programs would need more technical assistance and support from the Corporation.
- Small, struggling community-based organizations that don't have strong institutional support would not be able to compete because they would not have the resources to cover all other costs.
- Programs located in rural areas that have few other sources of funds for program support would find it difficult to raise the additional support needed to be eligible.
- A larger federal bureaucracy would be needed to assume some management functions currently performed by program staff through the grants. This also leads to decreased local control.

Option 2: Provide support for Member costs only and establish a national payroll system.

This scenario assumes that the Corporation would make grants to organizations for Member Support only and would payroll the Members through the federal system. In this way, the program would operate much as VISTA currently does with federal staff managing recruitment, training and other support for Members not provided by the programs through more comprehensive grants that include program support costs.

Advantages
- Decreases the need for grants administration because most organizations would not receive any funds directly.
- Cost per Member would be a set figure.
- Cost per Member would seem lower because most program support would be provided by federal staff and would not show in grants as a cost to add to the per Member calculation.

- Central payroll may lead to greater recognition by the Members that they are part of a national system.

Disadvantages

- Members could not be placed in teams or groups, because the grants could not cover the direct supervision and other costs associated with large group placements.

- Programs would need more technical assistance and support from the Corporation because they would receive no funds for staff. State staff would have to assume a similar role for AmeriCorps State as they do for AmeriCorps VISTA.

- Small, struggling community-based organizations without strong institutional support would not be able to compete because they would not have the resources to cover all other costs.

- Programs located in rural areas which have fewer sources of funds for program support than urban areas would find it difficult to raise the additional support needed to be eligible.

- The Corporation becomes the employer and would need to increase the size of its administrative staff to handle the payroll and other activities associated with tracking payroll, taxes and benefits.

- Role of the state commissions and local communities would be diminished, because program support would be managed more directly by the Corporation.

Option 3: Grants allowing both Member and Program Support

This scenario assumes the Corporation would provide grants for both Member and Program Support. Grants would vary by state and cost per member would vary by grant. This is the system currently in place for AmeriCorps State and National grants.

Advantages

- The program network could be operated with more control at the site level and fewer federal staff at the national and state levels.

- Control of the program is given to the state commissions and the programs themselves because they hire the staff and are responsible for all aspects of operating the program following guidelines published by the Corporation.

- Supports participation by programs in rural areas and those operated by small organizations that can't support all program costs through other sources.

- Allows flexibility to programs to cover the costs of team supervision and placement.

- Allows flexibility for programs to adjust to local conditions and needs.

Disadvantages

- Cost per Member appears higher than Member support only grants because grants include a higher percentage of the actual costs.

- Requires more negotiation with programs if guidelines for specific line items are not very prescriptive.

- Requires more grants administration oversight.

- Programs and states could view the headquarters office as more intrusive because budgets would need to be scrutinized more carefully.

Option 4: Provide grants for both Member and Program Support, but cap each line item of the budget.

Advantages

- Grant negotiating process would be simplified.

- Cost per Member could be set annually and calculated easily.

- Participation by some smaller, less-well-established programs would be increased because they could get program support.

- Encourages more local government, business and foundation support because needs for match in each line item would be clear.

Disadvantages

- Doesn't allow for regional differences in costs or differences in costs in urban and rural areas.

- Members might be able to be placed in teams or groups. However, if the amount allowed in a staff line item is not sufficient to support team leaders and local sources cannot make up the difference, the program model might need to change to single or small group placement.

- Can be perceived by the states and programs as more prescriptive by federal government

Option 5: Fix the program grants at a certain amount per member, but do not specify line item distribution.

Under this scenario, programs would apply for a certain number of Members, the Corporation would set the amount of the grant by that number, and not specify in which line items the funds could be spent. The basic requirements of the program would have to be met (such as 1700 hours, getting things done) and grant oversight would be focused on ensuring attainment of quality standards.

Advantages

- The program network could be operated with more control at the state and program level and fewer federal staff at the national and state levels.

- Federal government would not have to ensure a specified match, nor audit the program, nor require accounting and financial management systems as a measurement of program quality. (Corporation would not need to monitor the financial systems of small non-profits.)

- Greater control of the program is given to the state commissions and the programs themselves.

- Allows greater flexibility to programs for team supervision and placement.

- Allows greater flexibility to programs to adjust to local conditions.

- Allows programs flexibility to secure the local share in any line item.

Disadvantages

- Might still limit participation by small and rural organizations that have fewer resources for raising their share.

- Might increase potential for abuse.

Option 6: Fix the grants at a certain average amount per member by state. Do not specify line item distribution and do not require every program in the state to be fixed at that amount as long as the state average meets it.

Under this scenario, each state's average cost would be set, but programs within the state could vary. The Corporation would set the amount of the state grant by the number of Members, and not specify in which line items the funds could be spent. Currently the average cost per slot of Corporation funds across all the programs is about $11,000. This does not include the state and local match. If we include the cost of the State Commissions in this number, it rises to approximately $12,000.

Advantages
Same as Option 5 and:
- Allows the states more flexibility to support programs in certain higher costs areas of the state that may need a higher per Member cost.
- Allows the states more flexibility to support programs just getting started that may need more support until they have been operating for a year or two.
- Allows the states more flexibility to support programs in areas of the state where a local share is harder to get.

Disadvantages
- Increases potential for abuse.

The recommendation of the members of the group working on the grants structure issues is to explore Options 5 and 6 further. It may be useful to ask for input from the states on the issue without specifying the options delineated here. The background and issue could be posed to them for discussion.

DRAFT

VIII

OPTIONS PAPER -- Training and Technical Assistance

How can we design a system for training and technical assistance that costs less but delivers more?

Background

The overall goal of CNS Training and Technical Assistance is to strengthen the quality of CNS-sponsored programs.

We offer this paper as a revision of the initial T/TA strategy. Moving beyond our initial ideas of what might work, theory has given way to practical experience.

To as great a degree as possible, in this new plan, need has been defined not by what we think in Washington but by what we hear from the field. To do so, we have listened to AmeriCorps*USA programs, the Commissions, the National Direct parent organizations. In addition, we have started to seek out the needs expressed by--and resources available through--our colleagues in the other branches of CNS, including State Corporation staff.

CNS T/TA seeks to build T/TA self-sufficiency at the cluster, state, and project levels so that AmeriCorps programs become independent of the Corporation for most T/TA services.

No single source of T/TA is appropriate for the varied needs and characteristics of AmeriCorps programs. For example, T/TA in the areas of fund raising, financial management, supervision, project management, and training materials development, have come initially from national providers, while other T/TA is offered through the State Commissions using T/TA funds (PDAT) provided by the Corporation.

In the future, resources will move increasingly to the States. At this time, AmeriCorps T/TA resources are divided at approximately 50% between national providers and providers selected and funded by the State Commissions. T/TA resources going to the States will increase rapidly during the next two years until approximately 75% of T/TA funding resides at the state and local levels.

At the same time, we believe that national training and technical assistance can play an essential role.

The success of national providers depends entirely on their ability to respond to the needs of the field--by directly providing high quality services and by acting as connectors and brokers across states, clusters, and the nation, identifying excellent practices and strong providers to all programs they serve.

They enable any program, no matter what its resources, no matter what its location, to draw on the best T/TA available, and to do so as easily as possible, so that a program in South Dakota has the same access to strong materials and training as a program in Los Angeles or Boston.

In addition, national providers, supplied by the expertise of the field, act as catalysts to encourage field-based best practices and innovation across all of the streams of service--so that a program in Los Angeles or Boston can learn from the good ideas of a program in South Dakota. National providers make this exchange possible through the give-and-take of ideas on the National Resource Center's Listserv (recent topics include multi-site placements and communications surveys), through nationally-managed conference calls on topics including education and domestic violence, through the production of a series of standard-format field-based monographs, through peer exchange visits, and through the development of more training and technical assistance know-how among CNS-funded program directors and staff.

When national providers connect peers, broker trainers, and disseminate field-based tools, they not only improve practices, they also enable program operators and Members to understand that their work is connected to other work, whether near or far, that by sharing the ways in which they have worked to improve conditions in communities they know well, they can also help to improve the work of national service programs in communities they will never visit. National providers promote national problem-solving.

In short, national T/TA depends on knowing and respecting the field, listening to the field, bringing the best existing tools to all programs, and proudly disseminating the best of what CNS-funded programs have created.

HOW TO SPEND LESS AND GET MORE

1. Create and Strengthen Cluster-based T/TA

The success of the Northwest Regional Educational Laboratory (NWREL) in the delivery of T/TA services to 4 states in the Northwest indicates that a regional system can effectively broker T/TA services and reduce costs.

Four State Commissions from the Pacific cluster have developed what is proving to be an innovative and relatively inexpensive vehicle for T/TA service delivery. These states have pooled a portion of their PDAT funds and asked the Corporation to contract on their behalf with NWREL for delivery of

T/TA services. Because several State Commissions are funding this NWREL contract, costs are lower than would have been the case had each state contracted separately. Furthermore, since the states selected the contractor, their particular needs are being addressed more effectively than would be the case with a National T/TA Provider which addresses T/TA needs in all fifty states. And, finally, since Corporation T/TA staff are responsible for oversight of the NWREL contract, the Corporation is in a position to monitor the quality of services delivered.

Similarly, two successful United Way regional partners, in San Francisco and in Chicago, have served as brokers and providers of services. Given the volume of T/TA services they have rendered, they have proved to be cost-effective partners by their State Commission EDs and a strong vehicle for communication across the clusters.

Recommendation:
Promote this cost-effective multi-state model in our clusters/regions in the year ahead--perhaps drawing on an existing provider (e.g. United Way) or working with State Commissions to identify likely candidates. Centers could be housed in non-profits, branches of National Direct offices, State Commissions, independent agencies, or Corporation State Offices--though they would continue to funded by CNS T/TA and managed by us.

2. **National Providers:**
   I. Role of Providers
   II. Decrease their Number
   III. Increase T/TA Delivery by Peer Providers
   IV. Increase Support to State Commissions

I. Refocus National Providers
T/TA costs could be reduced if the work of **national providers** were redefined to **focus on a) materials development, b) training of trainers, and c) identification of local trainers**.

A) Materials Development:
National providers should spend much of their time on **materials development.** In addition, it seems clear from the reaction to the excellent Continuous Improvement Handbook and the Mosaica Pre-service Training Manual that materials should be followed whenever possible by trainings on how to use the materials. **Materials should support stand-alone trainings basic to most programs (pre-service training, basic Member training), as well as training topics that need to be integrated across all CNS trainings (service-learning, diversity, models for generation of non-AmeriCorps volunteers, ethic of service).**

B) Training of Trainers:
National providers should focus more intensely on Training of Trainers in the context, primarily, of management and super~~vision~~. While most grantee program staff do not need to become professional trainers, a **modified TOT** strategy enables program staff to develop their professional skills.

C) Identification of Local Trainers:
On-site technical assistance, the most costly form of TA from a trainer's point of view, should be **provided primarily by local trainers, Regional Centers, or the State Commissions.** This devolution is consistent with the Corporation's long-term goal of moving the responsibility for and funding of T/TA to the local level. Other branches of the CNS system, especially including State Corporation offices, can play a valuable role in identifying strong local trainers.

CNS often receives requests for "lists of approved trainers," but we have refrained from vetting trainers. In part this is because the fit between trainer and program differs from situation to situation and a system of references rather than general one-trainer-fits-all vetting makes better sense. In addition, recommendations and "approval" of trainers, is best done by the people who actually have hired and experienced the work of those trainers. Therefore, we are considering building a national list out of lists released by grantees and programs.

II. Decrease the Number of National Providers
This can be done by eliminating some of the Skills Centers and by using the United Way initiative as several of our Regional Centers as well as T/TA provider.

III. Increase T/TA Delivery by Peer Providers
Peer exchange (either program to program or by creating affinity groups of representatives from similar programs) **provides invaluable T/TA expertise while building leadership and interdependence among programs.** Adjuncts to this strategy are the **identification, training and cultivation of a small group of T/TA providers within AmeriCorps programs, the aggressive use of field-based materials nationally disseminated, and the strengthening of peer exchange.**

IV. Increase Support to State Commissions
Priority should be given to expanding the scope of services offered to the State Commissions by national T/TA providers. These services should include tailor-made briefings for newly-appointed State Commission

chairpersons and executive directors, trainings for State Commission staff (including program assessment, the management of T/TA, office management), assistance with strategic planning, cross program collaboration, fund raising, needs assessment, and identification of local, low-cost, T/TA resources. A final list of needs should be created by asking Commissions and Commission staffs what they need and addressing the needs as they themselves rank them. The statements of work for all national T/TA providers should be amended to include specific reference to the T/TA needs of the State Commissions.

3. **Build Local Strength, Resources, and Knowledge.**

   A. Encourage the Use of Local Resources. AmeriCorps programs are local programs. **Drawing on local T/TA resources** is another way to build community; using local people as authorities and resources models respect and reflects the belief that communities contain their own solutions. Providing T/TA services through local suppliers also cuts costs of on-site T/TA--the most expensive delivery mode for the provider, and cuts time expended and cost of travel to trainings--the most expensive delivery model for the trainee and State Commissions.

   B. Locally available trainers have expertise in some of the areas currently addressed by national T/TA providers. **Topics such as diversity training and conflict resolution training, now provided by national providers, could be delivered by local providers in many instances.**

   C. Build the Local through the National. In topic areas where local resources are weak, strengthen by the targeted use of national resources, incorporated by local educated consumers (see D, below).

   D. Build Programs' Abilities to Identify Needs and Design T/TA Locally
   Even more important than the allocation of T/TA funds, is the **need to educate program staff, directors and Commissions in the basics of identifying T/TA needs and training agenda design. An educated consumer can find ways to cut costs locally.**

4. **Eliminate some of the Priority Skills Centers, Identify Local Free, or Low Cost, Skills T/TA and Develop Best Practical Tools in Skills for Each Priority Area**

   A. Priority Skills Centers
   Some of the priority skill centers, particularly those with small numbers of programs and members, (e.g. Housing, Human Needs), can be eliminated.

The T/TA needs of these programs could be addressed more economically by hiring individual consultants.

B. Identify Local Free or Low Cost Skills Support
In addition, free or low cost T/TA resources, appropriate for AmeriCorps programs in several of the priority skill areas, are available from national associations and other government agencies.
HHS, for example offers free TA services to school readiness programs. The Cooperative Extension Service of the Department of Agriculture offers a wide range of technical assistance services and materials that might be suitable for AmeriCorps program use. The Department of Education offers the services of its Regional Educational Laboratories to provide TA to strengthen public education programs. The Service Corps of Retired Executives (SCORE) offers no-cost TA in program management to non-profit groups. **T/TA staff should explore the consistency and quality of these services, making recommendations to program directors through the regional centers and national providers and, in so doing, leverage more T/TA services for less money.**

C. Develop Best Practical Tools in Skills in the Priority Areas.
We need to develop best practical tools (not necessarily "best practices," which vary according to context) **in the Skills Areas through working groups including both expert theoreticians and outstanding practitioners. We are especially interested in drawing on those recognized as leaders by Commission and National Direct parent organizations, State Corporation staff, and directors of CNS-funded programs.** This combination provides us with access to the current state-of-the-art theory without losing sight of what is practical at the delivery level. These working groups would review and recommend materials, training designs, and related information. In this way we will tap the most time-tested and the most innovative practices.

5. **Leverage and Coordinate Resources with All Partners--Internal and External.**

A. Strengthen collaboration with State Commissions.
By increasing the use of advisory committees, conference calls, and other vehicles, State Commission EDs and staff will have substantive opportunities for input on T/TA strategy and design issues.

Whether directed primarily by the State Commissions (see "NWREL" above)--or CNS, with strong and consistent direction from the Commissions, the regional T/TA centers will work closely with both CNS and the Commissions, with the control moving increasingly to the latter.

B. Coordinate T/TA resources across CNS product lines.
Drawing on all partners' existing networks and resources, we should create T/TA materials, designs, etc., that serve more than one product line. At the same time, encourage cross-stream collaboration through training.

C. Work in partnership and collaboration with State Corporation field offices and resources.

Both B and C above require an aggressive in-house initiative with strong outreach to CNS field staff, an approach based on the notion that all players have resources and all players have needs, as well as a frank examination of capital resources, leading to recommendations for future allocations.

6. CNS T/TA Staff

A cost-effective system of CNS T/TA depends on avoiding duplication and defining appropriate roles for each partner. CNS T/TA staff should take advantage of its national role in the following tasks.

A. Coordinating and Strengthening T/TA Among All Partners

1. CNS-wide T/TA
If CNS T/TA is to increase services while decreasing costs, coordinating the resources and tapping into all the networks of CNS T/TA is a priority. For example, it will be often the case that our more established streams of service will know of high-quality local or State-based T/TA resources. Helping to link field staff across all streams is crucial.

2. CNS-State field offices
CNS T/TA should take advantage of every opportunity to encourage and facilitate T/TA coordination between CNS state offices and State Commissions. This can be accomplished in a variety of ways including presentations at trainings for field staff, sharing of written materials, and regular use of the T/TA providers electronic bulletin board.

3. State Commissions and National Direct Headquarters
CNS T/TA staff should continue to work with State Commissions, but more intensively identify staff and board development issues while brokering T/TA for those internal needs. An essential part of the strategy is building the ability of State Commission staff (and, to a lesser extent, the staff of National Direct organizations) to diagnose, and to identify, design, and implement effective T/TA.

B. Overseeing National Providers and Regional Centers

C. Managing National Initiatives

1. Materials Development
   Areas of Need
   - **Basic Trainings: Materials supporting training needed by most programs--including the transition out, pre-service and in-service training.**
   - **National Identity Elements: Other materials (and training designs) cover areas that must be integrated into all CNS T/TA--including service-learning, diversity, and the ethic of service.**
   - **Forms and Guidelines: Good checklists or spreadsheets can simplify tasks and need not be reinvented by every program.**
   - **Informational Pieces: This should include best practices in the skills areas and in organizational issues and a wide range of other items of general interest to the national service community.**

Sources of Materials
In addition to drawing on the national providers and individual consultants, CNS T/TA should work through the State Commissions and National Direct Headquarters to identify existing resources, reformatting them to establish a standard look for CNS. Most importantly, while contractors will play a role in materials development, our primary efforts should be directed toward adapting and broadly distributing the best of what CNS-funded programs (from AmeriCorps*USA to Learn and Serve to NCCC to Seniors and VISTA) have already created.

Production of Materials
1. **CNS T/TA and the National Resource Center should work with designers, writers, editors to produce a series of monographs, including training designs, best sample materials and forms, and useful informational pieces.** If accompanied by user-friendly guidance on how to implement this information, these could prove an enduring legacy to the field.

2. Best Practical Tools in the Skills Areas
CNS staff should oversee a series of Working Groups in the priority issue areas, including <u>both</u> expert theoreticians and outstanding practitioners to develop cutting edge tools and identify the best established methods.

3. Peer Consultants

The service field has for many years drained the energies of its best leaders; CNS' national position offers the opportunity to systematically tap those leaders--identify them, train them, draw on them--while giving the programs they belong to some compensatory support.

CNS staff should manage a process whereby a group of peer consultants are identified in collaboration with State Commissions and National Direct home offices. In each cluster, at least 2 Peer T/TA providers, nominated by Commission EDs and National Direct Program Directors, should be trained in a TOT and deployed widely. Programs should be provided with release time which supplies them with an additional half-time slot to compensate for the part-time loss of the peer consultant.

T/TA Options Paper Workgroup

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To: Grant Structure Working Group, Tracy Gray, Shirley Sagawa, Harris Wofford, and Planning and Program Development staff

From: Peg Rosenberry

Subj: Revised Copy of Options Paper

Date: February 16, 1996

Attached is the final draft of the Grant Structure paper. It now includes the budget categories referenced on the second page that were under revision for the state and national 1996 renewal requests.

AmeriCorps State/National Options Paper
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Final Draft, 2/16/96

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Grant Structure Working Group: Peg Rosenberry, Diana Algra, Judy Karasik Mike Kenefick, Diana London, David Rymph, and Gene Sofer

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Member Support Costs: Living allowance and benefits
Other Member Support Costs: Training and education
Staff
Operational: Transportation, supplies, equipment
Internal Evaluation
Administration: limited to 5% of Corporation request

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Disadvantages

- Members could not be placed in teams or groups, because the grants could not cover the direct supervision and other costs associated with large group placements.

- Programs would need more technical assistance and support from the Corporation because they would receive no funds for staff. State staff would have to assume a similar role for AmeriCorps State as they do for AmeriCorps VISTA.

- Small, struggling community-based organizations without strong institutional support would not be able to compete because they would not have the resources to cover all other costs.

- Programs located in rural areas which have fewer sources of funds for program support than urban areas would find it difficult to raise the additional support needed to be eligible.

- The Corporation becomes the employer and would need to increase the size of its administrative staff to handle the payroll and other activities associated with tracking payroll, taxes and benefits.

- Role of the state commissions and local communities would be diminished, because program support would be managed more directly by the Corporation.

Option 3: Grants allowing both Member and Program Support

This scenario assumes the Corporation would provide grants for both Member and Program Support. Grants would vary by state and cost per member would vary by grant. This is the system currently in place for AmeriCorps State and National grants.

Advantages

- The program network could be operated with more control at the site level and fewer federal staff at the national and state levels.

- Control of the program is given to the state commissions and the programs themselves because they hire the staff and are responsible for all aspects of operating the program following guidelines published by the Corporation.

- Supports participation by programs in rural areas and those operated by small organizations that can't support all program costs through other sources.

- Allows flexibility to programs to cover the costs of team supervision and placement.

- Allows flexibility for programs to adjust to local conditions and needs.

Disadvantages

- Cost per Member appears higher than Member support only grants because grants include a higher percentage of the actual costs.

- Requires more negotiation with programs if guidelines for specific line items are not very prescriptive.

- Requires more grants administration oversight.

- Programs and states could view the headquarters office as more intrusive because budgets would need to be scrutinized more carefully.

Option 4: Provide grants for both Member and Program Support, but cap each line item of the budget.

Advantages

- Grant negotiating process would be simplified.

- Cost per Member could be set annually and calculated easily.

- Participation by some smaller, less-well-established programs would be increased because they could get program support.

- Encourages more local government, business and foundation support because needs for match in each line item would be clear.

Disadvantages

- Doesn't allow for regional differences in costs or differences in costs in urban and rural areas.

- Members might be able to be placed in teams or groups. However, if the amount allowed in a staff line item is not sufficient to support team leaders and local sources cannot make up the difference, the program model might need to change to single or small group placement.

- Can be perceived by the states and programs as more prescriptive by federal government

Option 5: Fix the program grants at a certain amount per member, but do not specify line item distribution.

Under this scenario, programs would apply for a certain number of Members, the Corporation would set the amount of the grant by that number, and not specify in which line items the funds could be spent. The basic requirements of the program would have to be met (such as 1700 hours, getting things done) and grant oversight would be focused on ensuring attainment of quality standards.

Advantages

- The program network could be operated with more control at the state and program level and fewer federal staff at the national and state levels.

- Federal government would not have to ensure a specified match, nor audit the program, nor require accounting and financial management systems as a measurement of program quality. (Corporation would not need to monitor the financial systems of small non-profits.)

- Greater control of the program is given to the state commissions and the programs themselves.

- Allows greater flexibility to programs for team supervision and placement.

- Allows greater flexibility to programs to adjust to local conditions.

- Allows programs flexibility to secure the local share in any line item.

Disadvantages

- Might still limit participation by small and rural organizations that have fewer resources for raising their share.
- Might increase potential for abuse.

Option 6: Fix the grants at a certain average amount per member by state. Do not specify line item distribution and do not require every program in the state to be fixed at that amount as long as the state average meets it.

Under this scenario, each state's average cost would be set, but programs within the state could vary. The Corporation would set the amount of the state grant by the number of Members, and not specify in which line items the funds could be spent. Currently the average cost per slot of Corporation funds across all the programs is about $11,000. This does not include the state and local match. If we include the cost of the State Commissions in this number, it rises to approximately $12,000 and adding the educational award brings the total to $16, 475.

Advantages

Same as Option 5 and:

- Allows the states more flexibility to support programs in certain higher costs areas of the state that may need a higher per Member cost.
- Allows the states more flexibility to support programs just getting started that may need more support until they have been operating for a year or two.
- Allows the states more flexibility to support programs in areas of the state where a local share is harder to get.

Disadvantages

- Increases potential for abuse.

The recommendation of the members of the group working on the grants structure issues is to explore Options 5 and 6 further. It may be useful to ask for input from the states on the issue without specifying the options delineated here. The background and issue could be posed to them for discussion.

CORPORATION
FOR NATIONAL
SERVICE

MEMORANDUM

TO: Harris Wofford
Shirley Sagawa
Debbie Jospin
Steve Waldman
Bruce Cohen
Carolyn Kari
Lance Potter
David Rymph
Jim Ekstrom
Gene Sofer
Peter Heinaru

FROM: Tracy Gray

DATE: March 4, 1996

SUBJECT: Revised Option Papers

Attached for your review are revised option papers for ***National Identity*** and ***Match Requirements.***

1100 Vermont Avenue, NW
Washington, DC 20525
Telephone 202-606-5000
Fax 202-606-4928

NATIONAL IDENTITY
AmeriCorps Options Paper

The team which compiled this Option Paper included Mike Russell (chair), Melinda Hudson, Javier La Fianza, Margaret McLaughlin, Lance Potter, David Rymph, Rhonda Taylor, Trish Thomson and J Toscano. (The issue of National Identity also is under consideration by the Program Decentralization Working Group, chaired by David Rymph.)

The group's charge is to answer the following questions:

> *How do we help members and communities understand that they are a part of AmeriCorps and a larger national service movement? What elements of national identity are most important for AmeriCorps?*

BACKGROUND

This Options Paper addresses the importance of AmeriCorps' identity, currently discussed in terms of 'ethic of service' and 'unity'. This paper also responds to issues raised by the Hill and the field.

The issue of identity has three components:

1. Fostering an ethic of service and unity
2. Identification *of* AmeriCorps by the public
3. Identification *with* AmeriCorps by its Members.

A key consideration in developing and fostering the national identity of AmeriCorps is to balance the ability of AmeriCorps programs to maintain their important local identities with the benefit they derive from name recognition and positive reputation of the national AmeriCorps program.

WHAT IS NATIONAL IDENTITY?

National identity of AmeriCorps affirms service as one of America's cultural norms. American citizens -- regardless of race, age, education or socio-economic background -- value caring for each other. Identifying with a national group of service members adds the term "service" to a long list of American attributes such as bravery, industriousness, ingenuity and creativity. Over time, the AmeriCorps logo could become one of the national icons such as apple pie, the stars and stripes, and front porches. Thus, whenever and wherever world citizens think of America, service comes to their minds' eyes as symbolic of this culture -- a part of America's own national identity.

AmeriCorps identity has at least three major components: (1) fostering an ethic of service and unity; (2) identification *of* AmeriCorps by the public; and (3) identification *with* AmeriCorps by its present and former Members. It comprises the following:

- Ethic of service
- Unity
- Getting Things Done
- Name recognition
- Common mission
- Shared publications
- Shared events
- Planning that considers the "whole"
- Logo
- Logo on all materials
- Identification with the Corporation and other CNS programs
- Connection with other affiliates
- Affinity by members
- Common issue areas
- Common training
- National evaluation
- Ability to produce documents for the field (exemplary programs)

THE IMPORTANCE OF NATIONAL IDENTITY

I. Conveys ethic of service and promotes unity as a way of life and as an American value. It also emphasizes the centerpiece of the ethic: Getting Things Done.

II. In order to attract broad public, private, and non-profit support, AmeriCorps programs need to be easily identified and well known. Fostering a strong national identity in AmeriCorps Members and the non-profits they support is essential if these AmeriCorps programs are to be well know.

III. In order to recruit participants from a broad spectrum of backgrounds (including those who are not already inclined to engage in community service), AmeriCorps programs need to be well known. Again, creating a strong national identity in AmeriCorps Members and the non-profits they support is a must if these programs are to be easily identified and well known.

IV. Members who join in part to be part of a national movement appear to be more impacted by their AmeriCorps experiences (as reported by the CNS Evaluation Office).

V. A life-long commitment to service will be bolstered if a sense of identity and loyalty to a national movement is created in current and former Members. (*See* Appendix I for a discussion of the life-long identification with service in the Peace Corps and the Marines.)

VI. Programs and State Commissions want the Corporation to create a national identity and believe the Corporation is already doing this well.

VII. National identity elevates service as a cultural norm of every American.

RELATED DATA

I. Public Awareness

A recent Gallup poll sponsored by the CNS Office of Evaluation reflected the public awareness of VISTA and AmeriCorps as follows:

VISTA -- 55% (and only 32% of 18-34 year olds)
AmeriCorps -- 33% (33% of 18-34 year olds)

The relatively low public awareness of VISTA after 30 years may be one of the key reasons why it has maintained flat support on the Hill and has not grown substantially. The host programs in the field are not specifically associated with VISTA. This may limit the Corporation's ability to attract large numbers of recruits and limit the visibility and subsequent public support.

II. Diverse Members

- Surveys reflect that AmeriCorps Members state that being part of a national movement is the fourth most cited reason for joining AmeriCorps (behind receiving an educational scholarship, helping others, and exploring future job options).

- Surveys reflect that based on self-reported income, about a quarter of Members who come from well-to-do households join AmeriCorps to be part of a national movement. (This number is about 17 percent for middle-class and poor households).

- Although survey data have not been collected on "motivation to join" versus "inclination to serve," the argument is that youth who are generally not inclined to serve their community and who do not need a 'job' or the educational scholarship, might join AmeriCorps if it is part of a national movement. These may be the very individuals where there is the most to gain in terms of developing a sense of civic responsibility.

III. Participant experience

Early findings based on the exit forms received to date by the Evaluation Office indicate that for Members who joined to be part of a national movement, AmeriCorps has had more of a positive impact on both educational and community service plans. Similarly, Members who joined to be part of a national movement indicated a slightly higher level of satisfaction. Finally, overall more than 62 percent of Members reported that being part of a national movement was one of the major benefits they received from AmeriCorps.

IV. Life-long commitment to service

Although survey data have not been collected on this issue, it is anticipated that, similar to service in the Peace Corps and the military, a rewarding experience and a positive national identity would contribute to a long term commitment to service on behalf of AmeriCorps Members.

V. Programs' desire for national identity

A recent poll conducted by the Office of Evaluation of AmeriCorps programs found that they believe the Corporation plays an important role in "fostering national identity" and "providing a vision of national service" Both of these factors rated 3.4 on a scale of 4. Programs also indicated that the Corporation was doing a good job in both these areas (in fact, the poll reflected that programs were more satisfied with the work the Corporation was doing in these two areas than in any other). (*See* Appendix II for Evaluation data.)

VI. State Commissions' desire for national identity

A focus group of State Commission Executive Directors identified the following:

- national identity is important and lends credibility to local efforts
- national identity is "one of the strongest pieces" of AmeriCorps

- T-shirts are valuable; they look professional and command respect
- some commissions believe CNS guidance is too restrictive and programs would like additional flexibility to promote their local names
- one executive director believed that three program designations (A, S and L) are confusing in the field, and a single AmeriCorps designation is preferable
- national identity is important to Members; there is excitement when they recognize each other by their designations
- T-shirts and uniforms help
- required trainings are expensive and not necessarily helpful

CURRENT CORPORATION POLICIES

The Statute

The National Service and Community Trust Act of 1993 addresses national identity as follows:

> The Corporation may support the development and dissemination of materials, including training materials, and arrange for uniforms and insignia, designed to promote unity and shared features among programs that receive assistance under the national service laws.[1]

*1996 AmeriCorps*State Renewal Guidelines*

In February 1996 the Corporation forwarded to State Commissions the guidelines for the 1996 renewal process. Below is the excerpt regarding the ethic of service.

> Ethic of Service. The centerpiece of the AmeriCorps ethic is getting things done -- improving communities through service by meeting education, public safety, human and environmental needs. The other two key aspects of the ethic are strengthening communities and encouraging responsibility. It is this ethic that connects the 25,000 AmeriCorps Members now serving across the country and the more than 20,000 AmeriCorps alumni, with the larger family of service represented by the Corporation's programs of service-learning for students K-12 and in colleges and universities, programs of senior service, as well as community volunteer initiatives throughout the vast network of non-profit organizations.

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1 42 USCA § 12653(o)

> In the 1996-1997 program year, programs are asked to find ways to emphasize the service ethic among Members and to spread it among others in the community. A program might address this issue by building goals related to enhancing the service ethic into their Member Development and Community Strengthening objectives. Programs are especially encouraged to involve Members in recruiting and coordinating unstipended students and community volunteers; to link their service projects to other existing efforts to solve community problems including other local Corporation-funded programs; and to develop partnerships with local businesses and volunteers.[2]

The Guidelines also make optional the use of "Service Gear" in 1996 as reflected in the following excerpt.

> Service Gear. The Service Gear package (AmeriCorps t-shirt, sweatshirt, hat, pin, decals and buttons) is optional this year. However, State Commissions should feel free to encourage programs to provide this package of Service Gear. If a program chooses to purchase the package, it should budget $32.00 per Member. In cases where the basic package is insufficient to meet program requirements, the Corporation will pay up to $150.00 per Member for additional safety or other apparel that is necessary to perform daily service.[3]

AmeriCorps Requirements

The booklet, *National Identity: Requirements & Resources*,[4] outlines the Corporation's policy prior to issuance of the 1996 Renewal Guidelines on national identity. That policy includes the following elements:

<u>Common Ethic</u>. Getting Things Done is the centerpiece of the AmeriCorps ethic; the other aspects are strengthening communities, providing opportunity, and encouraging civic responsibility. The application included goals in each of these areas, and the Corporation encourages programs to reinforce this framework through orientation, training, and activities.[5]

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2 AmeriCorps Guidelines for 1996 State Commission Requests at 10.

3 *Id.*

4 *National Identity: Requirements and Resources*, AmeriCorps National/State Programs 1995 [hereinafter referred to as *National Identity*].

5 *See National Identity* at 2.

Common Application. The Corporation 'strongly encourages' programs to use the 'model' AmeriCorps application in screening and selecting AmeriCorps Members.[6]

Common Orientation. In an effort to help ensure that orientations have some similarity across programs, the Corporation encourages programs to do the following: have staff and Members view CNS videos, explain how the local program fits into the AmeriCorps National Service Network, fill out AmeriCorps entrance forms, and distribute AmeriCorps Handbooks.[7]

Common Pledge. The Corporation has developed an AmeriCorps Pledge and advises programs that "Members should be asked to take the AmeriCorps pledge or affirmation."[8]

Common Skills. The Corporation encourages programs to train AmeriCorps Members in three basic skills: communication, conflict resolution and CPR/first aid. The Corporation provides training and curriculum materials to programs.[9]

Common Projects. The Corporation sponsors three common national projects -- citizenship, HIV/AIDS, and environmental audits -- to enhance national impact and visibility.[10]

Common Events. Special events which bring AmeriCorps Members together from different programs help remind Members that they are part of a national program. Such events include Opening Ceremonies, Martin Luther King Day, National Day of Service, and AmeriCorps Graduation.[11]

Common Connections. The Corporation encourages or sponsors opportunities for individuals from different parts of the country to connect with AmeriCorps programs outside of their home communities. These opportunities include national recruitment, AmeriCorps Leaders, Issue Groups and Forums, and state and local gatherings.[12]

Common Language. To help reinforce common objectives and clarify the identity of AmeriCorps for the public, the Corporation encourages consistent use of basic terms, including AmeriCorps Member (not volunteer), Sponsor

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6 *See id.*
7 *Id.*
8 *Id.* at 3.
9 *Id.*
10 *Id.*
11 *Id.* at 4.
12 *Id.*

(not program), Assignment (not placement), and Living Allowance (not stipend or salary).[13]

Common Identification. For easy identification of individuals as Members of AmeriCorps, the Corporation implements a uniform policy and encourages the use of signs, logos on stationery, brochures, fax cover sheets and newsletters.[14]

AmeriCorps Public Affairs

A vital way in which the Corporation and local AmeriCorps sponsors promote national identity is through the media. As outlined in the CNS publication, *AmeriCorps: A Guide to Working with the Media,* the Corporation encourages discussion of AmeriCorps by local sponsors in press reports.[15] To assist local sponsors, the Corporation provides advice on reaching the media, developing a media plan, planning effective press conferences, communicating through public service announcements, and involving elected officials.[16]

ISSUES

1. Some programs may feel that CNS directives are too prescriptive (*e.g.,* size and location of program logo)

2. Some Members of Congress and key congressional staff have expressed the following concerns regarding national identity:
   - leads to political indoctrination
   - new federal standards
   - top down directives
   - potential politicization and advocacy
   - drop training in diversity, citizenship, and AIDS

3. Congressman Hoekstra expressed the following concerns regarding national identity: "We have members being relocated into communities wearing nationally identifiable uniforms, using common language and definitions and handing out palm cards to promote the national organization. It is a national army of sorts rather than the

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13 *See id.* at 5.
14 *Id.* at 6.
15 *Id.*
16 *A Guide to Working with the Media,* Office of Public Affairs, Corporation for National Service (1995).

individualized local volunteer program focused solely on local solutions."[17]

The Congressman also cited the Corporation's publication, *National Identity Requirements and Resources,* during the October 1995 subcommittee hearing as reflecting the creation of a "national entity" which conflicted with his prior vision from when AmeriCorps "was going to be locally focused."[18]

4. Some believe that the initial emphasis on national identity developed into an identification with AmeriCorps State and National programs. This raises the need to unify national identity *within* the Corporation as well as the issue regarding how to present unified streams of service to the field.

OPTIONS

Instilling an Ethic of Service

One of the Corporation's most important roles is to assist sponsors in instilling in AmeriCorps Members a lasting ethic of service.

Recommendation: It is essential to instill identification by Members with AmeriCorps at the *beginning* of their service, *during* their service, and *after* their service in the status of AmeriCorps Alumns. Therefore, the team recommends that the Corporation seek additional information from outside sources on successful practices by national and local programs in fostering identity.

This input will assist the Corporation in developing a Training and Technical Assistance package for local AmeriCorps sponsors, national parent organizations and state commissions. The information also will assist the CNS public affairs and program development functions.

[17] Statement of Congressman Pete Hoekstra, *quoted in Hearing on AmeriCorps*, Unofficial Transcript, Subcommittee on Oversight and Investigations, Committee on Economioc and Educational Opportunities (October 17, 1995) at 8.
[18] *Id.* at 46.

Identification of AmeriCorps by the public

Option #1: Continue general Corporation policies with some modifications.

- recast 'national identity' as 'ethic of service' and articulate its principles.
- the Corporation would move from 'strongly encouraging' to 'suggesting' that programs to follow specific guidance (to be developed).

Option #2: Replace the Corporation's current' national identity' policy with a new policy describing an 'ethic of service' with general principles to be considered for implementation by the local sponsors.

- Primacy of the AmeriCorps logo over the local sponsor's logo is replaced by the tag line, "An AmeriCorps Sponsor" (with a small AmeriCorps logo), *following* the sponsor's name and logo.
- Agreement by the sponsor to follow a general set of principles presented by the Corporation. These could include:

Identification with AmeriCorps by its Members

Option #1: Continue general Corporation policies with some modifications.

- the Corporation no longer would stress training in required skills, but rather defer to the AmeriCorps sponsor for training content.

Option #2: Replace the Corporation's current 'national identity' policy with a new policy describing an 'ethic of service' with general principles to be considered for implementation by the local sponsors.

- Agreement by the sponsor to follow a general set of principles presented by the Corporation.

Training

Option #1: Continue general Corporation policies with some modifications.

Option #2: Drop CNS requirements for common skills building (diversity, citizenship, AIDS). Replace with a package of recommended, but not required, training modules. Support identification of model trainings and transfer of information among states and sponsors.

Option #3: Provide guidelines on model training curricula and support a national repository of information, such as model practices. Sponsors have discretion regarding the content of their training.

Uniforms/Service Gear

Option #1: Continue general Corporation policies with some modifications. The goals are to maintain an AmeriCorps 'look' and limit the Corporation's investment.

Option #2: Drop references to "uniforms" and drop requirement for their use. Replace with "Service Gear" (or other name selected by CNS leadership) and make available, although not required, by the Corporation.

Option #3: Provide guidelines on use of the AmeriCorps logo only. Sponsors and funders have discretion regarding how to apply the AmeriCorps logo to their existing apparel.

Common Service Activities

Option #1: Continue general Corporation policies with some modifications.

Option #2: Change names and degree of emphasis on national activities. Change 'opening day' to 'Make a Difference Day'; CNS would not coordinate opening ceremonies. Change 'National Day of Service' to a series of focus days within a 'National Week of Service' to highlight service by youth, volunteers and seniors.

Option #3: Drop all national activities required by CNS, such as the National Day of Service and Martin Luther King Day. Provide guidelines on how states can sponsor and coordinate unified service activities. States and sponsors have discretion regarding when and how to coordinate a unified service activity.

APPENDIX I

Peace Corps and the Marines: Lifelong Identification with Service

Based on a paper prepared by Dr. David Rymph
October 31, 1995

Peace Corps

The path to becoming a Peace Corps Volunteer has always been arduous and selective. Only a few of those who ask about opportunities to join the Peace Corps make it to swearing in. Each year approximately 100,000 inquiries become 6,000 Volunteers. Along the way they complete extensive written applications and medical exams. The screening and interviewing process are complex and time consuming. This beginning phase endes when Peace Corps issues an invitation to enter training, which consists of several weeks of in-country training.

It is only at the end of this long process that the individual is sworn in and becomes a Peace Corps Volunteer. Currently, attrition during training is about 10 percent. Another 20 percent may not finish the two-year assignment. One way of looking at this year or more between application and swearing in is that each step in this process is loaded with value for the individual. This value is created by the applicant's effort and by the selectivity of Peace Corps. At the end of this part of the journey, upon swearing in, the applicant/trainee rises to a new, more exalted status, of Volunteer.

The United States Marine Corps

The identity that former Marines have with their service experience is as strong or stronger than that of Peace Corps. There are no ex-Marines; there are only former Marines. It shares many characteristics with Peace Corps. Membership is highly selective, or at least, the Corps portrays it that way. "We are looking for a few good men." "The few, the proud, the Marines." The eight weeks of boot camp are arduous, and drill instructors make sure that recruits know that they are not Marines until they get through boot camp.

Former Marines share a bond that other branches of the service do not create in their members. Probably more often than others, Marines will carry the service emblem, the globe and anchor, and confidence created by their training and service into civilian life. In a few words, the experience marks Marines for life.

Rites of Passage

Arnold van Gennep was not the first student of human society to note the importance of rituals. He did, however, give us a way to understand the critical importance of the rituals that mark those times when people become something new and radically different from what they were. He called them rites of passage. They occur with major shifts in status or membership. Commonly experienced rites of passage include weddings, funerals, baptisms, and graduation.

van Gennep understood the pattern of these rites and identified three phases: rituals of separation, a liminal (in-between phase), and rituals of reincorporation. Research by countless scientists since his time has confirmed the universal nature of this sequence.

Rituals of separation mark the beginning of a transition from one status to another. In the Peace Corps the rituals of application, medical screening, and staging are all aspects of separation. The trainee leaves the status of student or worker and entering into the possibility of becoming a Peace Corps Volunteer. In the first week of boot camp, Marines have their heads shaved and are dressed in identical uniforms.

A liminal, or in-between, phase usually occurs after separation from the old status. Peace Corps Volunteers travel overseas and enter several weeks of training, which often is physically and psychologically demanding. Marines go through the boot camp experience. In both cases, some time elapses in which a lot of pressure is placed on the trainee and boot, but these are not permanent statuses. They are only the path to the goal.

At the end of the liminal phase come the **rituals of reincorporation.** They may be extensive or abbreviated, but they mark the end of the in-between phase and the death of the old status with the emergence of the new status. The Peace Corps Volunteers and the Marine Corps members are sworn in and take an oath. In both cases, the participants have completed a specific journey and have entered a status that they will treasure their whole lives.

By the time they are sworn in, much of the Volunteers' and Corps members' identification is fixed with the host country and institution, respectively. This identity is confirmed and reinforced by subsequent experiences, of course, but the foundation is laid in selection, training or boot camp, and then full membership.

Implications for AmeriCorps

Obviously AmeriCorps does not and, given our resource levels, cannot equal the Peace Corps or the Marines when it comes to selection and training experiences. At the same time, however, there are lessons from these other corps and from van Gennep's model that challenge our way of doing things. Here are some aspects of AmeriCorps that are in contrast to the Marine Corps and Peace Corps:

* Recruitment materials for AmeriCorps do not portray the opportunity as special and selective. We may be saying that anybody can be in AmeriCorps.

* AmeriCorps members are sworn in the first day of their term of service, before training.

* The investment of AmeriCorps in training is much less than the other corps. Of course, this varies by program. AmeriCorps*NCCC invests more in training for each member, while AmeriCorps*VISTA's investment is small.

* The physical and psychological demands on AmeriCorps members may be less, but there are good reasons for this. We are not trying to fit individuals into a closed, total institution. Nor do our work sites require as much cross-cultural adaptation as needed in the Peace Corps.

* AmeriCorps has many (approx. 30 percent) part-time members whose service commitments are half-time or less. Peace Corps has no part-time opportunities. Marine Corps has a reserve force that is part-time, but it begins with a full-time period of service.

In essence, van Gennep's model suggests that AmeriCorps does very little to mark the transition from citizen to AmeriCorps member. We have no significant rites of passage that say being a part of AmeriCorps puts the member in a new and markedly different status.

Questions about AmeriCorps Suggested by the Rites of Passage Model

1. What can we do to make those who join AmeriCorps feel special?

2. How can we signify (symbolize, portray, celebrate) that service in AmeriCorps is much more than a job?

3. What rituals can we develop to mark the transition from citizen to AmeriCorps member?

4. Can we portray admission to AmeriCorps as selective and competitive?

5. Would there be any benefit in setting an induction period for AmeriCorps members, with swearing in coming 45-60 days into the term of service?

6. Should we invest more resources (time and staff) into the initial, training phase of service?

7. Are our programs asking for enough effort and commitment from Corps Members? If not, how could they ask for more?

8. How can we portray in a compelling way the level of effort and commitment of Corps members?

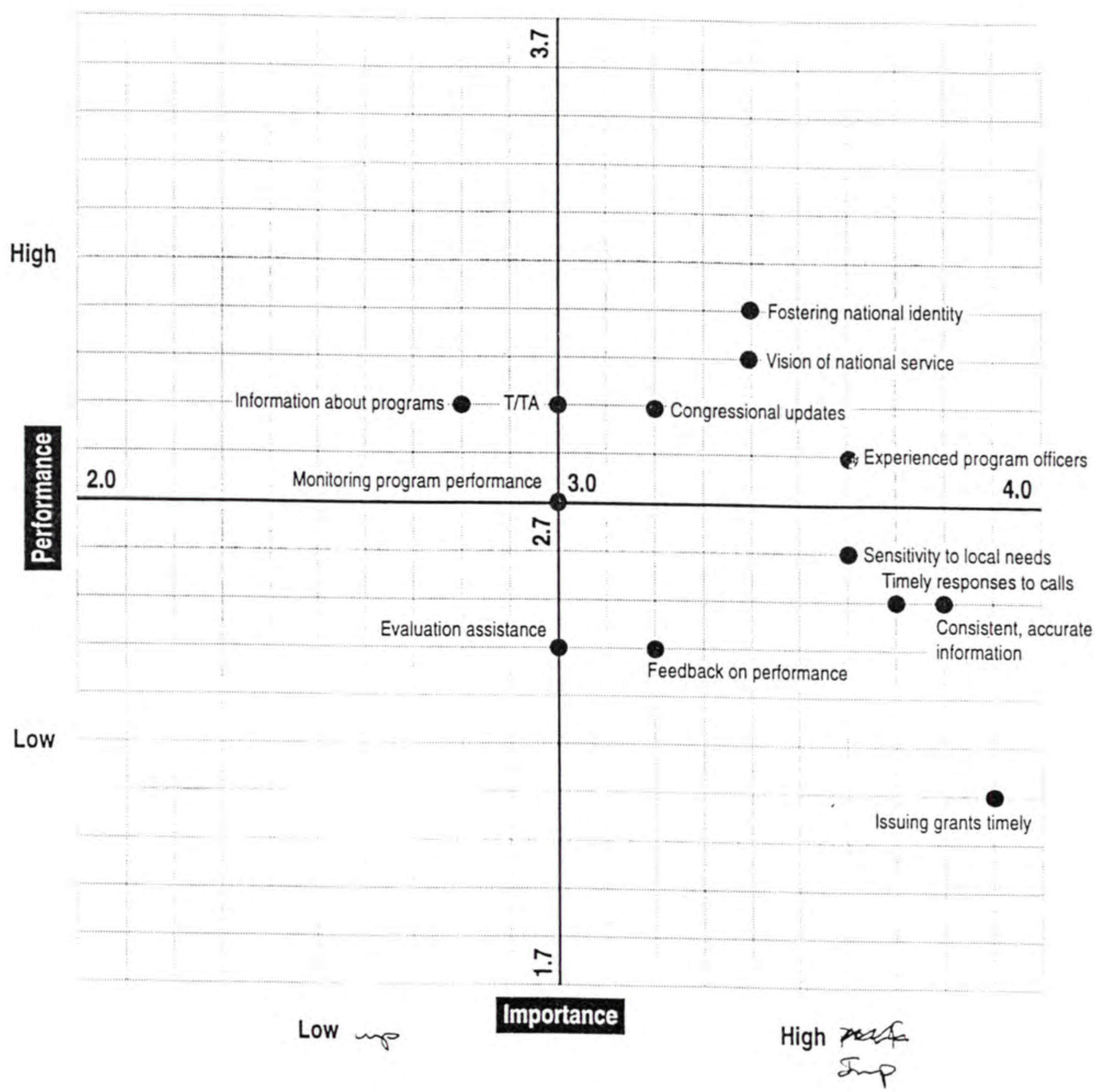
9. Can part-time participants build a strong identity with AmeriCorps when they experience no major shift in status, changing a small portion of their total time and effort when they join?

APPENDIX II

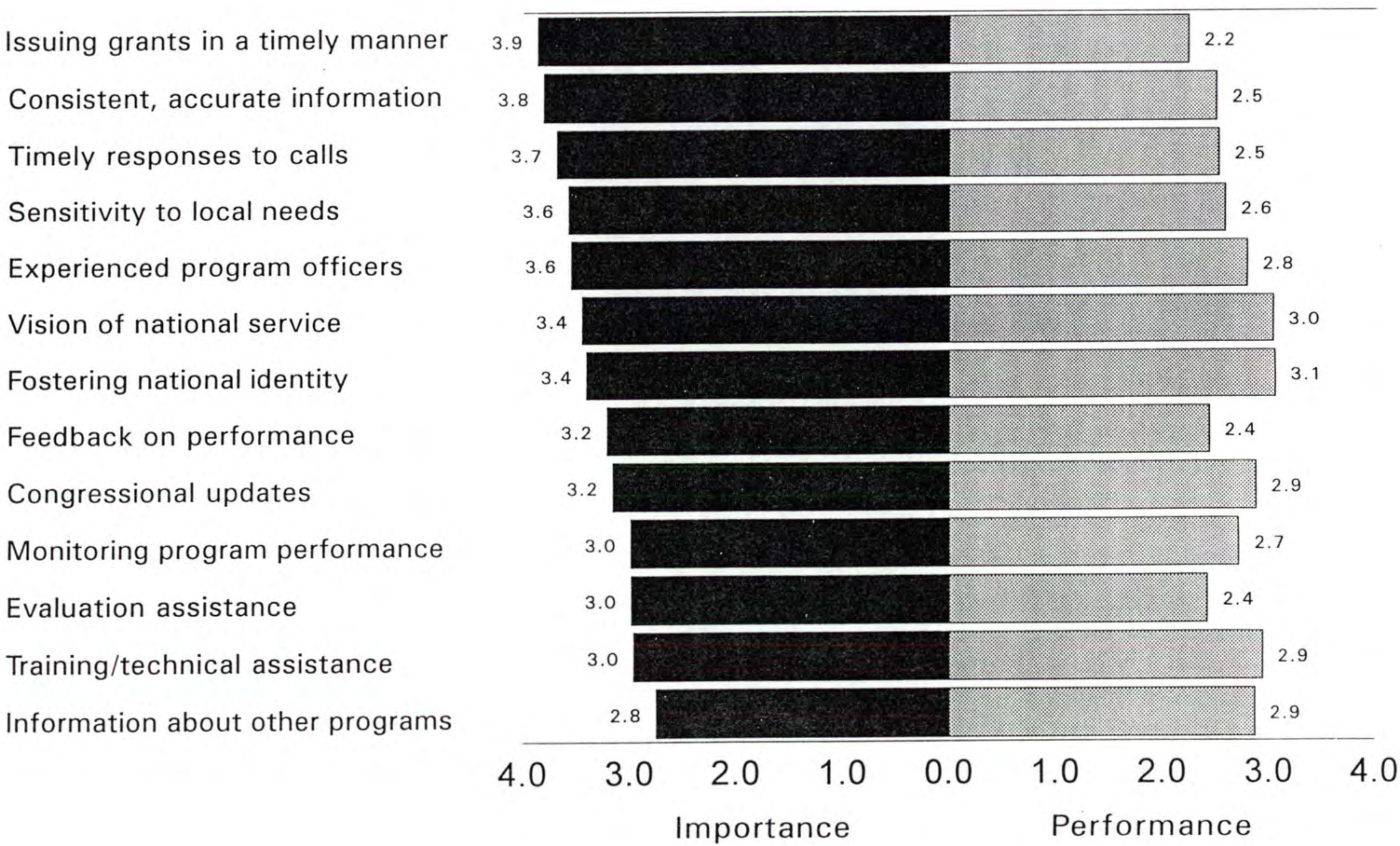
Evaluation Data Rating the Corporation for National Service

Fostering National Identity

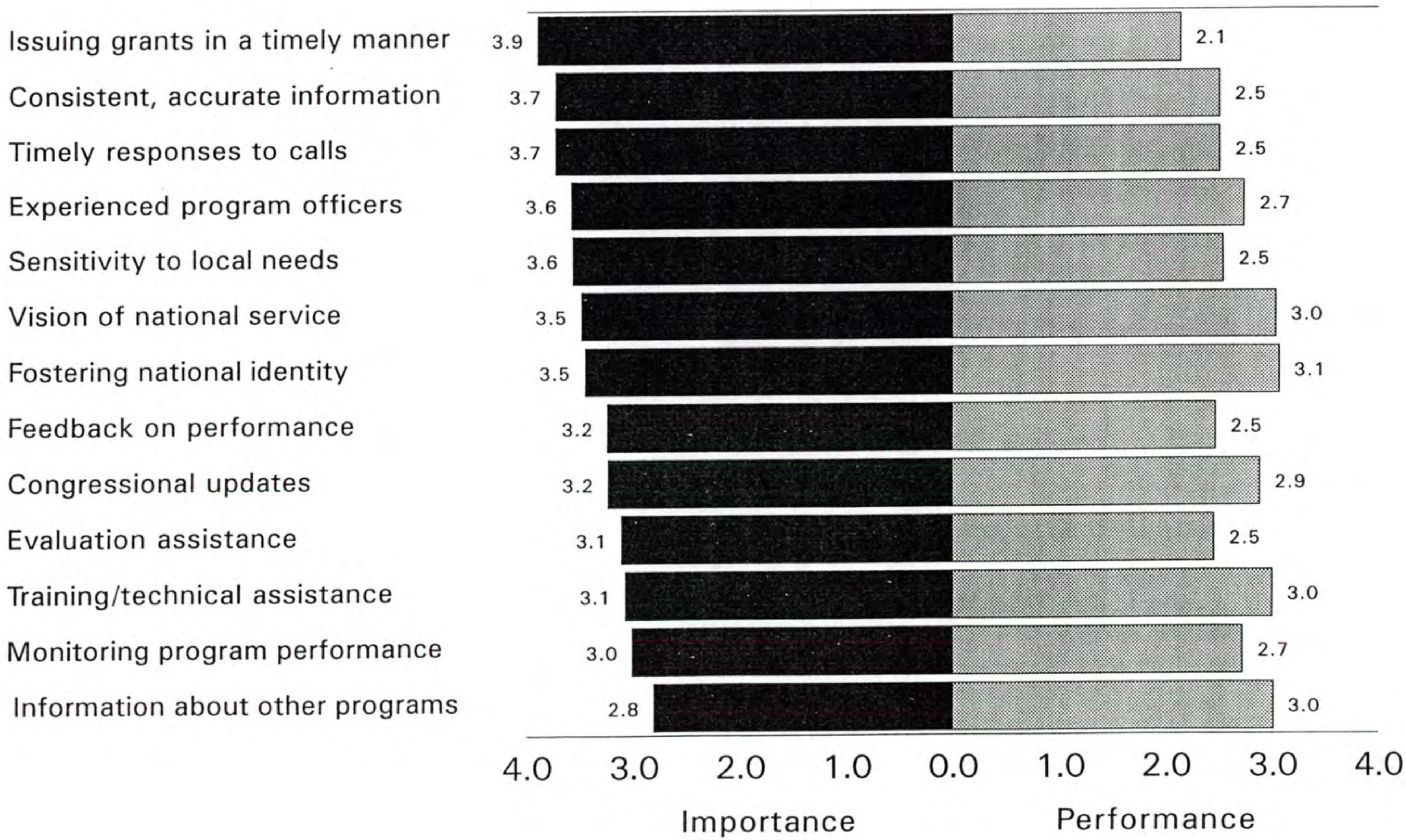
Ratings of the Corporation
Areas of Importance and their Performance



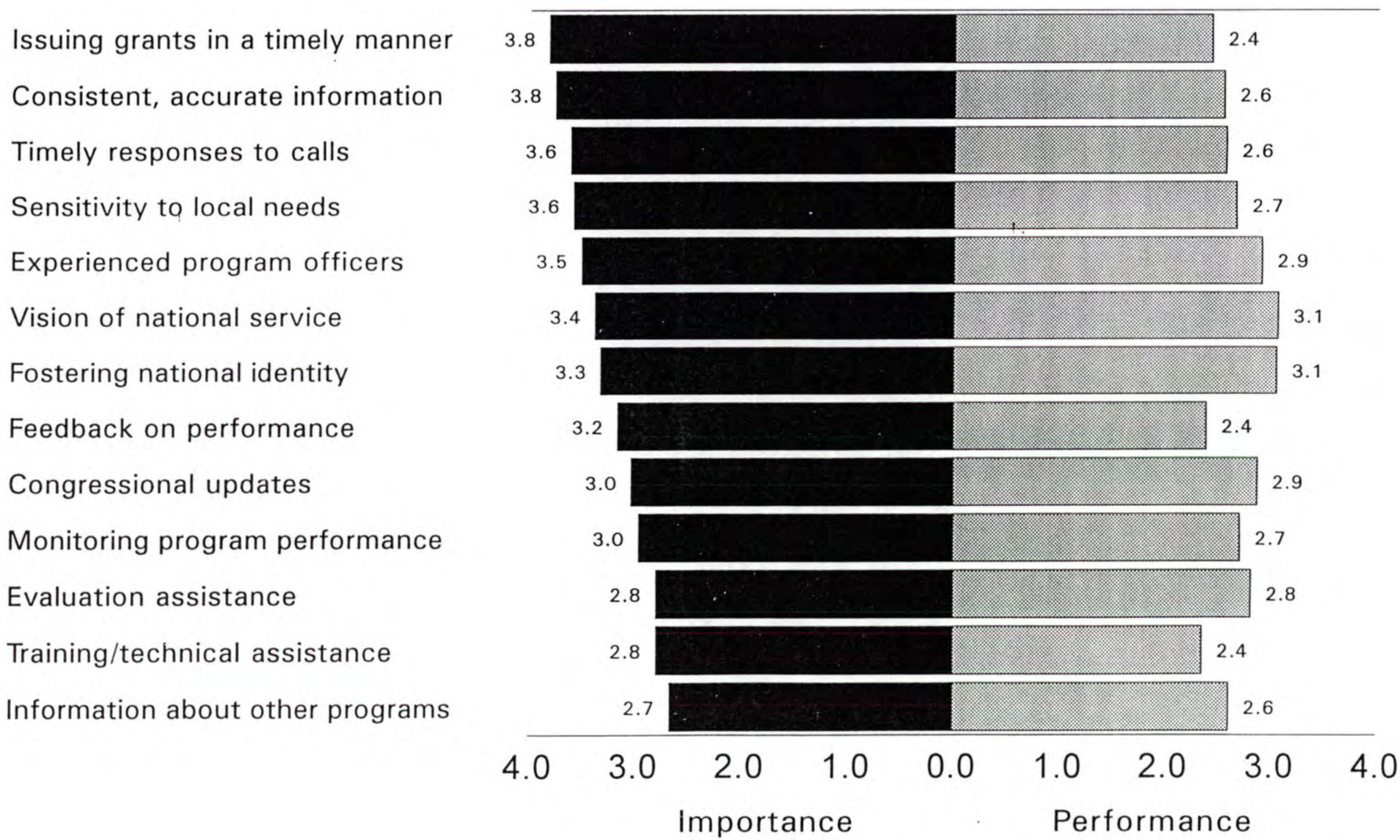
Ratings of the Corporation
All Programs



Ratings of the Corporation
AmeriCorps*State



Ratings of the Corporation
National Direct



MATCH REQUIREMENTS

AmeriCorps Option Paper

The team which compiled this Option Paper included Mike Russell (chair), Diana Algra, AnnMaura Connolly, Mark Feldman, Mike Kenefick, Hank Oltmann, Lance Potter, and Terry Russell.

The group's charge is to answer the following questions:

> *What is the maximum amount in-cash and in-kind non-federal, non-Corporation funds that an AmeriCorps sponsor can be expected to raise to ensure that at least 75% of current sponsors could continue to participate in AmeriCorps? What is a realistic period of time to reach these goals?*

BACKGROUND

As conveyed in a recent memorandum on match options, '[c]urrently, there are two required matches in the statute. Programs must pay at least 15% of the living allowance (and any amount that exceeds 85% of the average living allowance of $7,945) and at least 15% of health insurance (which costs $1,200). This amount must be from nonfederal funds and be in cash. Currently, state programs are averaging from 20 to 30% matches on the living allowance, but about half of state programs pay only the minimum match.

"The other match is on program costs. Programs must pay at least 25% of program costs in cash or in kind, and may count other federal funds toward the match. The current average is from about 45% to 50%, although 80 state and 7 national direct programs pay less than 30%.

"It is often assumed that the majority of AmeriCorps*State/National programs raise private sector funds. In fact, only one-third have cash contributions from businesses or foundations, and the median investment was only $7,500."[1]

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111 Memorandum of January 25, 1996, from Executive Director Shirley Sagawa to Chief Executive Officer Harris Wofford, Corporation for National Service.

CURRENT MATCH REQUIREMENTS

The Statute

The National Service and Community Trust Act of 1993 addresses the match issue as follows:

> **(1) Requirements**
> Except as provided in section 12594 of this title [living allowances], the Federal share of the cost of carrying out a national service program ... may not exceed 75 percent of such cost.[2]
>
> **(2) Calculation**
> In providing for the remaining share of the cost of carrying out a national service program, the program -- (A) shall provide for such share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services; and (B) may provide for such share through State sources, local sources, or other Federal sources (other than the use of funds made available under the national service laws).[3]
>
> **(3) Cost of health care**
> In providing a payment in cash ... as part of providing for the remaining share of the cost of carrying out a national service program, the program may count not more than 85 percent of the cost of providing a health care policy ... toward such share.[4]

The statute also requires that the annual living allowance which AmeriCorps Members receive "shall not exceed 85 percent of the total average annual provided to VISTA volunteers ...."[5] (See Appendix I for an analysis of the cost per VISTA Member.)

Although the Corporation does not currently operate a Challenge Grants program (discussed in the Options section below), the statute specifically authorizes such an approach.[6] The statute authorizes a one to one match:

> A challenge grant under this subsection may provide not more than $1 of assistance ... for each $1 in cash raised by the national service program from private sources in excess of amounts required to be provided by the program to satisfy matching funds requirements ....[7]

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2 42 USCA § 12571(e)(1).
3 *Id.* at (2).
4 *Id.* at (3).
5 *Id.* § 12594(a)(2).
6 *Id.* § 12576(c)(1).
7 *Id.* at (c)(3).

In a challenge grant program, the Corporation is required to establish a ceiling on the amount of assistance which would be provided.[8]

AmeriCorps Requirements

Living Allowance: 85 (CNS) - 15 (sponsor). In 1995, the Corporation advised programs that they "must provide a living allowance between $7,945 and $15,890 per year to their full-time Members."[9] The Corporation's share "may not exceed 85% of the minimum living allowance, which equates to approximately $6,753."[10] The sponsor must meet a minimum of 15% non-Federal cash match.[11]

Health Care: 85 (CNS) - 15 (sponsor). The Corporation pays up to 85% of the cost of a sponsor's policy that meets CNS requirements. There is an available AmeriCorps health policy which costs $1,200 (a maximum of $1,080 for the CNS share and $120 for the grantee share).[12] The sponsor must provide a cash match.[13] (The use of other Federal funds is allowable in this line item.)

Operational Costs: 75 (CNS) - 25 (sponsor). The sponsor is required to provide a match of "at least 25%"[14] for other Member support costs, staff and operational expenses (travel, transportation, supplies, equipment, administrative, uniforms, training, education, and other allowable costs). The sponsor's match can be cash, in-kind, other Federal funds, State funds, or other funds.[15]

Education Award: 100 (CNS) - 0 (sponsor). The Corporation provides an education award of $4,725 for full-time Members and $2,362.50 for part-time Members who successfully complete their terms of service.

Child Care: 100 (CNS) - 0 (sponsor). The Corporation funds child care directly for income-eligible Members and will pay up to the local market rate for child care services.[16] (The Corporation follows established state guidelines.)

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[8] *Id.*
[9] *AmeriCorps State Guidelines for 1995 Applicants* at 20.
[10] *Id.* at 21.
[11] *Id.* at 28.
[12] *Id.* at 22.
[13] *Id.* at 30.
[14] *Id.*
[15] *Id.*
[16] *See* AmeriCorps®CARE Child Care Benefits Program Fact Sheet

CURRENT PROGRAM MATCH LEVELS

In a recent review of match levels conducted by Mike Kenefick and his staff, the following data were compiled:

Program Type	Required Match	Average Match
State Formula		
Living Allowance	15%	20-24%
Operating Costs	25%	45-51%
State Competitive		
Living Allowance	15%	24-30%
Operating Costs	25%	45-48%
National Non-profits		
Living Allowance	15%	35-40%
Operating Costs	25%	53-55%

(based on proposed FTE level and proposed match as reflected in the 1995 applications.)

Cost per FTE

Program Type	Average Cost/FTE (excluding ed awards)
State (Formula and Competitive)	$12,184

106 out of 364 over $13,800

Directs (44)	$10,071

25 over $13,800, including:
4 -- 13,801 - 14,000
8 -- 14,000s
4 -- 15,000s

MATCH REQUIREMENTS: 1996 STATE APPLICATIONS

The 1996 Renewal Guidelines sent to the state commissions in February 1996 included the following guidance on the new operating match level.

Operating Cost Match. The grantee's share of the program operating cost is increased from 25% to 33%. Therefore, State Commissions will need to ensure that Corporation funds do not exceed 67% of the program operating cost (whether the program is a grantee or subgrantee,) including administration. The program may provide its share of operating costs through cash or in-kind contributions. The share of funds may come from a number of sources. However, we also ask that all programs raise some of the funds from the private sector, *e.g.*, corporations, foundations, individuals, local businesses, and United Way. Please note that the maximum amount of the living allowance that may be paid using Corporation and other Federal funds remains at 85%. As always, the living allowance match must be in cash.[17]

CNS/AMERICORPS ROLES

- Provide a clear federal presence
- Organize high-profile events
- Provide Training and Technical Assistance
- Recruit Members with specialized skills
- Convene fora in issue areas
- Manage volunteers
- Identify and provide information on cutting issues

SOURCES OF MATCHING FUNDS

- Corporations
- Corporate Foundations
- Local businesses
- Foundations
- Federal government (other agencies)
- State government
- Local government
- Non-profit organizations
- Individuals
- Fee for service
- United Ways
- Product development

[17] AmeriCorps Guidelines for 1996 State Commission Requests at 4.

Based on an internal staff review, the majority of matching funds are not being raised, but rather "traded" (provided by public agencies as part of their annual budgets or by individual host sites which pay for living allowances through one fiscal agent).

According to the GAO report, the percentage of private money raised for the match is small. The GAO reports that only 12 percent of matching funds is raised from private sector sources.[18] The GAO also analyzes the sources of total program funds as follows:

- $260 million — Federal ($150m -- AmeriCorps; $110 million from other federal programs
- $50 million — State & local governments
- $41 million — Non-governmental (corporate, foundations, religious, education, and non-profit)

As outlined above, more of the matching funds comes from public rather than private sources. The fact that many AmeriCorps programs are sponsored by public agencies (police departments, district attorneys, city agencies) raises the following implications:

- the programs have the money up front when they apply
- the applicant, in some cases, may have greater capacity to obtain and expand funding from the same source by inclusion of the program in its budget and/or reprogramming agency funds.

The advantages of public sponsors include:
- secure funding
- ability to meet payroll.

The main disadvantage is that the source of funds is taxpayers' dollars.

The working group believes that the private sector could be encouraged to support:

1) sponsorship of teams of AmeriCorps Members or individual Members
2) training
    a) to do service
    b) leadership training
    c) program materials
    d) curriculum development
3) equipment to perform service

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[18] General Accounting Office Report at 6.

4) uniforms (with corporate logo, similar to Olympics uniforms)
5) computer support.
6) printed materials (program manuals, brochures, stationery)
7) team sponsorships and other creative arrangements
8) volunteer generation activities.

SURVEY RESULTS: SPONSORS AND STATE COMMISSIONS

To obtain input from the field, a survey of selected programs and commissions was conducted. The sample included AmeriCorps*State programs from each of the five clusters, a few Directs, urban and rural programs, urban and rural youth corps, and selected State Commissions from each of the five clusters.

A detailed analysis of the survey's major findings is presented in Appendix I; below are key points from the survey.

All state commissions contacted reported that all of their programs are meeting their match requirements, except two in one state (one new program and one large, complex program), and many of the state programs are exceeding their match. Some sponsors have a higher match on the living allowance, but the larger extent of the over-match is in-kind.

The commissions and selected AmeriCorps sponsors reported that the extent of the use of other non-CNS federal funds varies, and the traditional sources of federal funds are diminishing -- Forest Service, JTPA. Many programs, however, have a significant level of matching funds from state and local public sources. In a number of cases, the programs have a 100% match from these sources.

The commissions and sponsors advise that any increase in match will have a greater impact on the following types of programs: corps, sponsors in economically less developed communities, rural programs (away from metropolitan centers, foundations, corporations), smaller communities, new start-up programs, and community-based non-profit organizations.

In direct response to the question posed by CNS leadership to the options paper working group, while the numbers vary across state commissions, the general conclusion is that 75 percent of AmeriCorps sponsors could meet an increase in the cash match to 18-20% and a 30-50% increase in operating (including in-kind).

The survey also explored what additional steps could be taken by CNS, state commissions and local sponsors to increase private sector support.

Suggestions provided by the commissions include: institute an incentive/challenge approach (Calif.); decrease politicization which drives big foundations away; CNS to build strong public-private partnerships; CNS to bring foundations together; push for long-term (10 year) commitments; assist sponsors target major companies in rural areas; clarification of fundraising rules (allow staff who are paid, in part, by local funds to fundraise on that time; allow Members to fundraise on their own time without uniforms); CNS to improve its promotion of what it does (change to one program, not different 'streams of service' which confuses the public); CNS should not compete against states or local programs for foundation funding; CNS to work with state commissions on developing relationships with funders at the state and national levels; commissions to designate a staff member for 'resource development and sustainability'; and CNS to prepare a basic packet for local sponsors on resource identification.

ISSUES RAISED BY CONGRESS

1. *Senator Grassley*

In 1995 during Senate consideration of the FY 1996 VA-HUD appropriations bill, a possible Grassley Amendment was expected (but never offered) which would have "require[d] grantees to provide a 50% private sector match and prohibit[ed] grantees from using any other federal funds to support AmeriCorps programs."[19]

On October 24, 1995, Senator Grassley testified before the House Subcommittee on Oversight and Investigations and expressed his concern that "instead of a partnership with the private sector, the taxpayers are having to meet 92 percent of the cost"[20] of AmeriCorps programs. The Senator referred to his August 1995 letter to the President in which he urged specific reforms of AmeriCorps be adopted, including "to make sure that the private sector contributed the amount of money that the program ... intended that the private sector contribute."[21]

In conclusion of his testimony, Senator Grassley stated, without being definitive at that point, that "at a minimum, if we can get this cost down to $17,000 per participant, and if we can have 50 percent of it come from the

[19] Expected Amendment by Senator Grassley to the FY 1996 VA-HUD appropriations bill (1995).
[20] Statement of Senator Charles Grassley, *quoted in Hearing on AmeriCorps,* Unofficial Transcript, Subcommittee on Oversight and Investigations, Committee on Economioc and Educational Opportunities (October 17, 1995) at 19 [hereinafter cited as House Hearing].
[21] *Id.* at 20-21.

private sector, I think that the administration will well be on the road to my support for the reauthorization of this program."[22]

2. *House Subcommittee on Oversight and Investigations*

Congressman Hoekstra, who chaired the House subcommittee hearing in October 1995, expressed concern regarding the cost per AmeriCorps Member.[23]

In response to a question posed by Congressman Scott, CEO Harris Wofford discussed a propoasl by former Governor George Romney's son, Mitt, who proposed that the match be increased from approximately 15 to 50 percent over a five year period. Mr. Wofford testified that the Corporation would "look and see to what extent and how fast"[24] the match can be increased. While in general agreement with the notion of raising the match, nevertheless, Congressman Scott cautioned that "we don't want to make the local share so high that we start losing programs because they can't afford it."[25]

3. *Senator Kassebaum*

In 1993, Senator Nancy Kassebaum introduced national service legislation which authorized the following match requirements:

- *Operating costs:* (1) Operating programs would be responsible for a 40% match; (2) federally operated programs would be responsible for a 50% match; and (3) planning and replication programs would be responsible for a 25% match. The match in each of these categories could comprise federal, state and/or other cash and/or in-kind sources.

- *Living Allowance:* Programs would be responsible for a 15% match which must be from non-federal sources (CNS and other federal agencies). The entire federal share could not exceed the lesser of the prevailing minimum wage in the area where the program is conducted and 85% of the annual living allowance as established by the program. (However, if the local prevailing minimum wage is less than the federal minimum wage, then the federal level is used.)[26]

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[22] *Id.* at 22.
[23] *Id.* at 6.
[24] *Id.* at 72.
[25] *Id.*
[26] Conversation of January 29, 1996, with Myung Lee, Office of General Counsel, Corporation for National Service.

4. *Congressional Staff*

Youth Service America and the Coalition for National and Community Service recently convened a panel of Republican congressional staff members to disucss the future of national service. The staff member from the Senate Labor and Human Resources Committee identified as a key question for reauthorization: "How are matches made? What % is private, what % is public?"[27] Similarly, a Senator Grassley's staff member referenced "increasing the private sector match" as a major issue,[28] Congressman Chris Shays' representative indicated that "[t]he federal matching requirements could be changed,"[29]and the panel's wrap-up concluded that "the match issue is central."[30]

ISSUES

- What level of matching funds can be reached over a period of years?
- What will the funders "buy" for their investments?
- Would raising the match requirement reduce or eliminate indirect service programs because they are not as quantifiable (*e.g.*, linking doctors with health clinics)?
- Would raising the match requirement favor those programs with a fundraising infrastructure, strong boards, and more sophisticated public relations capability?
- Will raising the match at the same time federal funds are withdrawn have a disproportionate impact on some programs?
- What is the impact on those programs which may lose 30 to 50 percent of their match when the federal funds are withdrawn?
- Is there a disproportionate impact on certain grassroots programs which raise money over time versus local public agencies (police departments) which have public funds up front?
- To what extent does the match depend on the program model (*e.g.*, centralized payroll)?
- The impact of raising the match will vary across program type -- national non-profits, grassroots organizations, public agencies.

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[27] Statement by Ms. Mary Elizabeth Larson, *referenced in National Service: A Republican Perspective*, a Panel Discussion on 1/19/96, January Minutes, Working Group on National and Community Service Policy, Hosted by Youth Service America and the Coatlition for National and Community Service at 3.

[28] Statement by Mr. Dean Zerbe, *referenced in id.* at 5.

[29] Statement by Ms. Katy Anderson, *referenced in id.* at 6.

[30] Statement by Dr. Roger Landrum, *referenced in id.* at 12.

OPTIONS

Option #1: Status quo with increased match for program and living allowance. The policy question is how much should the match in each of the two categories be raised?

Option #2: Develop only one match. The policy question is how much should the match be raised?

Option #3: Fund the total living allowance and require some match from programs.

Option #4: Convert to a challenge grant mechanism and require the match up front.

Option #5: "Ed Awards Plus" -- Provide education awards and require a match of a certain percentage per Member.

Option #6: "Ed Awards Only" -- Provide education awards; sponsors are responsible for all other program costs.

OUTSTANDING POLICY ISSUES

1. How does CNS reduce Federal cost per member?

2. How does CNS increase private sector/non-Federal contributions? (See Appendix III for news clips on the current state of corporate and foundation support.)

APPENDIX I

Cost and Match of a VISTA Service Year

Hank Oltmann analyzed the costs associated with a VISTA service year. These findings are summarized below.

$ 11,500: The annualized cost of a VISTA Service Year (VSY) -- the equivalent of an FTE. This figure includes subsistence (living allowance), relocation, settling-in (for national recruits), health insurance, FICA, and program costs provided by CNS (recruitment, printing, pre-service and in-service training, and small grants available to particularly needy projects for project support (usually transportation). This figure also includes the educational award or stipend (VISTAs have the option of the Ed Award or a $100/month stipend in a lump sum at the end of service -- thus far, the choices are going about 50/50).

$ 17,500: This represents the cost of each VSY, counting all possible costs, including VISTA/HQ staff and admin costs, other attributable HQ costs, and the share of the State Office structure costs (staff, overhead, admin, etc.) attributable to VISTA. This figure was calculated by Gary Kowalcyzk at Harris' request and provided to him.

APPENDIX II

Survey of the Field

To obtain input from the field, a survey of selected programs and commissions was conducted. The sample included AmeriCorps*State programs from each of the five clusters, a few Directs, urban and rural programs, urban and rural youth corps, and selected State Commissions from each of the five clusters.

Below is a summary of the survey's major findings.

State Commissions

Percentage of programs currently meeting their match requirements.

All state commissions contacted reported that all of their programs are meeting their match requirements, except two in one state (one new program and one large, complex program).

Percentage of programs which are over-matched.

Many of the state programs are exceeding their match. (Several in California, over 50% in Washington, 100% in Kansas, 75% in Georgia, 100% in Massachusetts, and 95% in Maryland.)

Some sponsors have a higher match on the living allowance, but the larger extent of the over-match is in-kind.

Characteristics of those programs having difficulty meeting their match.

Community based non-profit organizations.

Extent of Federal and other public funds in the match.

The extent of the use of other non-CNS federal funds varies (from 1/3 of programs in California to very few in Kansas). The commissions report that the traditional sources of federal funds are diminishing -- Forest Service, JTPA. Many programs, however, have a significant level of matching funds from state and local public sources. In a number of cases, the programs have a 100% match from these sources.

Potential difference in impact on types of programs from an increased match.

The commissions advise that any increase in match will have a greater impact on the following types of programs: corps, sponsors in economically less developed communities, rural programs (away from metropolitan centers, foundations, corporations), smaller communities, new start-up programs, and community-based non-profit organizations.

Maximum amount of match increase (cash and in-kind) which continues 75 percent of existing AmeriCorps sponsors.

While the numbers vary across state commissions, the general conclusion is a minimal increase in cash and 30-50% increase in operating (including in-kind).

Calif.	15% cash; 30% in-kind (in first year). provide challenge grants.
Georgia	up to 40% cash and in-kind.
Kansas	50% cash; 50% in-kind.
Maryland	35% cash; 35% operating with at least 10% cash (phase up to 50%)
Mass.	15% cash; 30% in-kind.
Wash.	20% cash; 50% in-kind and cash (over 5 years).

Most realistic timeframe for reaching the new match levels.

Most commissions advise that sponsors could reach an increase in the match in the first year, but suggest that three to five years be provided for meeting a higher level, such as 50%.

Calif.	Year One -- 30% (in-kind).
Georgia	3 years for urban programs; sliding scale up to 5 years for rural and new programs.
Kansas	50% cash; 50% in-kind.
Maryland	2 years.
Mass.	1-2 years to reach 40%.
Wash.	up to 50% over 5 years.

Additional steps to increase private sector support.

Suggestions provided by the commissions to increase private sector support include: institute an incentive/challenge approach (Calif.); decrease politicization which drives big foundations away; CNS to build strong public-private partnerships; CNS to bring foundations together; push for long-term (10 year) commitments; assist sponsors target major companies in rural areas; clarification of fundraising rules (allow staff who are paid, in part, by local funds to fundraise on that time; allow Members to fundraise on their own time without uniforms); CNS to improve its promotion of what it does (change to one program, not different 'streams of service' which confuses the public); CNS should not compete against states or local programs for foundation funding; CNS to work with state commissions on developing relationships with funders at the state and national levels; commissions to designate a staff member for 'resource development and sustainability'; and CNS to prepare a basic packet for local sponsors on resource identification.

<u>AmeriCorps Sponsors (State and National Directs)</u>

Maximum amount of match increase (cash and in-kind) which continues 75 percent of existing AmeriCorps sponsors.

<u>Answer</u>: 18-20% cash; 45-50% cash and in-kind [Note: this is a rough approximation based on the survey data summarized below and discussion with Grants staff; it is not scientific. These levels would have a more negative impact on certain programs, such as grassroots organizations, youth corps, and rural/low income communities.]

<u>Survey findings</u>

The majority of programs surveyed advised that they could absorb an increase in their matching requirements, but stressed the need to include in-kind contributions. Some programs which have strong private sector support, especially from foundations, currently are over-matched and could meet a limited increase in the cash match, as well.

Below are potential match requirements recommended by programs, their suggested phase-in period, and a brief description of their sources of support.

- 25% living allowance (cash); 45% operating (cash and in-kind) -- 1 year -- foundation, corporate and United Way
- 30%; 30% -- 1 year -- foundation and local public support
- 25%; 50% -- 2 years -- all municipal
- 15%; 33% -- 2 years -- rural youth corps; shrinking JTPA
- 30%; 50% -- 2 years -- foundation, corporate

- 25%; 25% -- 2-3 years -- foundations, some corporate, local public
- 25%; 50% -- 1 year -- corporate foundation, family foundation, community foundation, non-profit's general fund
- 50% cash and in-kind -- 3-5 years -- corporate, foundations
- 25%; 50% -- 3 years -- corporate, grants
- 25%; 40% or 50% (25:25 cash to in-kind) -- 1 year -- substantial local public, United Way
- 15%; 30% -- 1 year -- rural youth corps.

Special considerations

The AmeriCorps sponsors provided the following insight and recommendations as the Corporation considers changes in the match requirements.

- an increase in the living allowance match places a higher value on service and may generate more local buy-in
- rural corps will find it difficult to raise additional dollars, especially at the same time when JTPA money is limited. As the match increases, at some point a corps could no longer participate in AmeriCorps because it would take too much time and money to raise funds.
- Programs in certain rural states would have more difficulty. For example, one sponsor advises that New Hampshire is 7th among states in per capita income, but <u>last</u> in charitable contributions.
- Some companies and foundations are not interested in supporting AmeriCorps programs because of the federal connection, the controversy or the reported uncertainty regarding its future.
- A phase-in period for a higher match is very important, because raising cash takes time.
- Clarification of the CNS fundraising restrictions would be helpful. Is there any way that ACorps Members can help, even in a limited capacity (*not* collecting in uniforms)?
- New programs have a more difficult time raising the match. If programs have a track record and are making an impact, it's easier.

- Combine both match categories -- makes accounting easier.
- Expedite CNS awards, especially to those programs which operate on school district calendars.
- It's easier for a sponsor to 'sell' the living allowance of an AmeriCorps Member in its fundraising efforts.

APPENDIX III

Recent News Clips on the Current State of Giving

Charities Say Government Cuts Would Jeopardize Their Ability to Help the Needy

By MILT FREUDENHEIM

While critics of Government spending on social services have been asking the nation's charities to take responsibility for the poor, sick and elderly who would be hurt by budget cutbacks, many of the cuts would force those groups to turn away people they now help.

Many large religious and other social service organizations get more than half of their budgets from Federal, state and local government support, as much as 40 percent from Washington alone. Dozens of executives of these organizations, who run everything from soup kitchens to hospitals, said in interviews that moves to cut spending in Washington and state capitals, including Albany, would endanger their programs.

From what is known of the latest Congressional and White House proposals for balancing the Federal budget in seven years, charity groups would lose $140 billion to $150 billion in revenues now earmarked for health, education, welfare, community development and overseas relief, according to a study by Lester M. Salamon, director of the Institute for Policy Studies at Johns Hopkins University and Alan J. Abramson of the Aspen Institute, a think tank.

The Federal ax has not fallen on most programs yet, with President Clinton and the Republicans in Congress still wrangling over a balanced-budget plan. And the full effects of many of the spending limits on the table would be put off until the end of the seven-year period, which could allow time for Washington to change its mind and for social service providers to seek other sources of money.

But the scope of the reductions being considered is immense. In New York City, they threaten to curtail programs ranging from the daily brown bag lunches for 80 homeless people at the Episcopal Church of Christ and St. Stephen's in Manhattan to the home-health-care programs for the elderly operated by the Federation of Jewish Philanthropies. Nationally, they would drain billions from Medicaid and Medicare programs that keep hundreds of religious-affiliated and other nonprofit hospitals and nursing homes afloat.

Many critics of social programs say that private groups can pick up the slack. Speaker Newt Gingrich, for example, has said private orphanages could do a better job for troubled poor children than federally financed welfare programs. And a Republican Presidential candidate, Steve Forbes, has called current programs a "monstrous system" that should be dismantled, making it "possible for private charity to become more involved."

For the most part, the mainstream religious charities, groups that provided much of the private charity in the United States, say that they have no contingency plans for maintaining their safety nets for the poor if the Government pulls back. The charities say private donations cover only a fraction of their costs and are growing slowly at a time of widespread economic uncertainty.

"Even before the welfare and other cuts go through, we are having a hard time," said Lisa Carr, a government affairs expert with Catholic Charities USA in Alexandria, Va. "More people are coming into our agencies for a meal," she said. "Some agencies have to triage."

The growth of government support for services provided by religious institutions has partly been deliberate and partly coincidental.

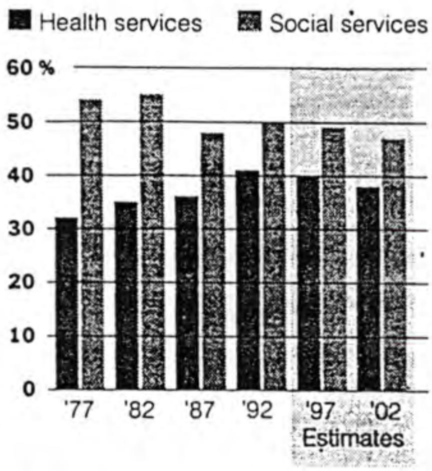
For certain kinds of aid — for the homeless, mentally ill, immigrants and battered women, for example — the Government turned to religious and other private nonprofit agencies

A CLOSER LOOK

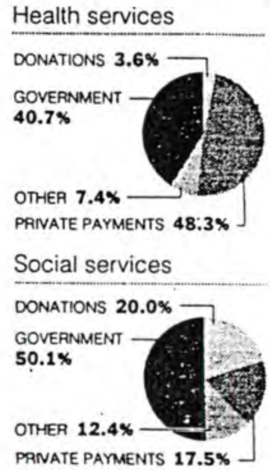
The Government as Giver

Religious charities and other non profit organizations will spend an estimated $405 billion in 1996 on hospitals, nursing homes and other health services and $87 billion on social services. Although it receives little public attention, most rely heavily on government financial support.

THE GOVERNMENT'S CONTRIBUTION



SOURCES OF FUNDS, 1992



THE BIGGEST RELIGIOUS-AFFILIATED SOCIAL-SERVICE AGENCIES

AGENCY	1994 INCOME (IN BILLIONS)	SHARE OF INCOME FROM GOVERNMENT SOURCES
Lutheran Social Ministries	$2.41	54%
Catholic Charities	1.93	62
Jewish Federations	1.82	59
Salvation Army	1.35	15

Source: Independent Sector; Chronicle of Philanthropy; agency reports

The New York Times

Many private aid groups get most of their money from governments.

on the theory that the services "could actually be better, more efficient and responsive, less tangled in red tape," said Martha R. Burt, a social services expert at the Urban Institute, a Washington-based research center.

But now, the rising tide of antigovernment sentiment is washing over these mainstream religious charities, whose liberal social agendas are under attack and whose political allies are in retreat. "They are being punished, in part, because of their ties to the Democratic Party," said Theda Skocpol, a professor of government and sociology at Harvard University.

By contrast, a number of conservative churches, including the Church of Jesus Christ of Latter-day Saints and many evangelical denominations, have shunned government aid, preferring to avert constitutional restrictions on the spiritual content of their social work. These churches often dispense a religious message along with food and shelter for the homeless or drug and alcohol counseling, said Paul Nelson, president of the Evangelical Council for Financial Accountability. The council, which includes 815 churches and television ministries, like Pat Robertson's Christian Broadcasting Network, raised $4.4 billion in public appeals last year.

In large measure, the growing reliance by church groups on government money simply reflects the runaway growth of spending on health care, a sector in which Jewish and Christian charities long have played a big role.

Nonprofit hospitals typically depend on government for 48 percent of their revenue from patient care, according to the American Hospital Association. With the ballooning of Medicare and Medicaid, nonprofit hospitals and nursing homes were projected to get more than $130 billion in Government money last year, up from $60 billion in the late 1970's.

So the blow would be sharp if those programs were curtailed. On the seven-year road to a balanced budget, the nation's Catholic hospitals alone say they would lose $17 billion in reduced Medicare and Medicaid reimbursements.

The proposed Federal and state cutbacks would take an enormous bite from the budgets of big New York hospitals, for example: $2.5 billion over the seven years from seven Jewish-affiliated hospitals, $1 billion from the 15 Catholic hospitals and 9 nursing homes in the New York Archdiocese, and $200 million from the 4 hospitals and 3 nursing homes of the Brooklyn and Queens diocese.

"The impact is almost mind boggling," said Roger Weaving, senior vice president of the New York Archdiocese's Catholic Health Care Network. "You'll have dirtier hospitals, less attentive care, and fewer resident-physicians in the poorer areas of the city."

For social services — like soup kitchens, foster children's care, temporary shelters for the homeless, refugee resettlement, and training programs for unemployed youths — the nation's charities will spend about $87 billion in 1996, almost half of it from Federal funds, according to the Independent Sector, a nonprofit research group. And Congress is calling for 20 to 30 percent reductions in many of these programs.

For instance, there would be a 25 percent cut in spending at the Federal Emergency Management Administration, which helps pay for such church programs as soup kitchens and help for low-income families in emergencies, as when an old car breaks down or illness temporarily keeps a parent from working.

Based on projections by Mr. Salamon and Mr. Abramson, Catholic charities across the country would receive about $200 million less from Washington, measured in 1994 dollars, for social service programs when the full effects of budget balancing would be felt in 2002, compared with what they would get under current law. Lutheran Social Services would be set back at least $200 million in 2002, and the Salvation Army would get about $50 million less in Federal money.

The religious-based charities insist that their services to the poor and elderly cannot help but be crippled amid a Government retreat. "We need partnerships between the Government and labor and business and the nonprofit and charitable organizations, so that our society as a whole embraces a sense of compassion and shares responsibility," said Major Paul Bollwahn, a national spokesman for the Salvation Army.

Religious groups say that they have no contingency for their safety nets.

Mr. Abramson and Mr. Salamon estimate that to make up for lost Federal money, private giving would have to increase by 50 percent in the year 2002.

"The Pollyanna-ish notion that churches will make up the difference is not serious," said Megan McLaughlin, executive director of the New York Federation of Protestant Welfare Agencies. "All the foundation grants across the nation could not fill the gap created in one of our big programs in the city."

The Federal cutbacks would be compounded in New York — which, like other big cities, has a dense web of religious-based social service groups — by reductions planned or already implemented by state and local governments.

In the budget he announced last December, Gov. George E. Pataki called for 26 percent cuts in welfare payments and other benefit reductions that the social-service agencies fear will boost the demands on their already overtaxed food and housing assistance programs. Mr. Pataki said on Tuesday that his plans could be devastated if Washington does not give the states the flexibility they anticipate in welfare and Medicaid spending.

In New York City, Mayor Rudolph W. Giuliani has already cut many contracts with child welfare agencies in the current fiscal year — reductions that have translated directly into job losses and diluted services. For example, 20 jobs were cut and the remaining caseworkers' loads increased in the Bedford-Stuyvesant programs operated by Miracle Makers Family and Children's Services, an offshoot of the Free Will Church of God and Christ.

In New York, the Federation of Jewish Philanthropies said that Federal, state and local spending cuts being considered would take $14 million from its child welfare services this year, along with $12.5 million from nursing homes, $6 million from home care for the elderly, and $5 million from mental health centers, said Stephen D. Solender, executive vice president.

Even without further cuts, many church-based programs are struggling to meet the demand for services. Christ and St. Stephen's Church has set "an absolute limit" of 80 per day on the brown bag lunches it gives to the homeless, said Mary Cooper, who heads the program. "We have already had to turn people away," she added.

Most other states already are strapped for cash, as well — and are passing the squeeze on to the nonprofit agencies.

For example, the Lutherans, who operate one-third of the nation's nonprofit nursing homes, are losing an average of $15 a day on every Michigan nursing home occupant on Medicaid, said Kay Bengston, a spokeswoman in Washington for the Evangelical Lutheran Church in America.

OPINION

Commentary and Letters

The Federal Cutbacks: What Foundations Must Do

By MARGARET DUNKLE

SWIFT AND SEISMIC CHANGES in federal social policy mean that private foundations must play a bigger role than ever in helping children and families.

Unfortunately, too few in the foundation world seem to have grasped exactly how profoundly the changes now under consideration will affect the needy. To understand just what philanthropy has at stake, it is essential that grant makers pay close attention to what is happening on Capitol Hill.

Once the legislative dust settles, Congress is expected to approve $20-billion less this year than last in budget categories that include many programs that affect children and the poor, like Head Start and job training. And that is just the beginning. Far deeper cuts are clearly in the picture. Meanwhile, even though the federal goverments plans to spend more to finance Medicaid, the multibillion-dollar program that pays for health care to the poor and disabled, the increases will not keep pace with inflation—meaning some people may not get the care they need.

But those figures do not provide the entire story. Buried in the nooks and crannies of measures now pending in Congress are several trends that will shape social policies for years to come. that has guided this nation for the past 30 years, the federal government is giving the states much of the responsibility for designing strategies to protect and help children and the poor. For example, proposals to overhaul the welfare system call for each state to decide when and how to provide families with cash assistance. That will decrease federal micro-management of state and local actions. But many, if not most, state governments are not ready to assume this larger role effectively. Some have part-time "citizen legislators" who are not sufficiently sophisticated. Others have too few staff members prepared to wrestle with complex social issues. Still others do not have computer systems that can coherently track whether government programs are meeting community goals.

MY VIEW

To understand just what philanthropy has at stake, it is essential that grant makers pay close attention to what is happening on Capitol Hill.

Under the new federalism, grassroots groups and representatives of urban and rural areas will need to work more closely with their state governments to assure that money is distributed equitably. State priorities and politics, not federal formulas, will determine which jurisdictions win and which ones lose.

Second, to balance the federal budget, the government will reduce spending, not raise taxes. Today almost no one talks about raising taxes; the serious discussion is about lowering taxes. With taxes off the table, there is enormous pressure to cut social programs. As a result, states and localities will have to do more with less.

In return for less federal money, states will get more flexibility in how they use it. States will have to file fewer reports, keep fewer statistics, and jump through fewer federal hoops. Proponents say that is a good trade: flexibility to design programs that serve the most needy, coupled with increased efficiency, will make up for cuts in money. Critics disagree, warning that administrative savings will be negligible as 50 state bureaucracies blossom. One worrisome indication that the critics might be right: The General Accounting Office, which advises Congress on how federal programs are working, discovered that after many federal social programs were clustered together in the 1980s and money was delivered to states in the form of block grants, many non-profit groups and others in the front lines of providing services ended up dealing with more state-imposed red tape than ever.

THIRD, MANY BENEFIT PROGRAMS that used to be entitlements—like Aid to Families With Dependent Children—will no longer go to everyone who qualifies. Instead, states will be given a fixed amount of money and told to divvy it up. That approach makes it easier to control federal spending, but it also may mean trouble for the poor. If there is a recession, states will have more needy people but no more federal money to provide cash welfare assistance.

Fourth, charities will have a hard time being effective advocates and educating the public about the effects of governmental policy changes. Congress is now considering a provision that would limit the amount of private money that recipients of federal grants could spend on a broad range of advocacy efforts. Even if that provision does not pass into law this year, it has momentum and will be debated again next year.

GIVEN THOSE FAR-REACHING TRENDS, how can foundations best use their resources? The demands on philanthropy as federal resources shrink will be great. However, there are several areas where foundations can make especially important contributions:

Help states and local governments set priorities and measure success. To succeed, states and localities will have to have clearly defined priorities and programs that include the non-profit and business worlds. They must also experiment with new—even radical—solutions and have concrete benchmarks to measure progress. Community foundations, which raise and distribute money in a single geographic area, can play an especially important role in bringing disparate factions together to determine priorities and figure out solutions. Community foundations have the credibility to be leaders because they do not stand to lose or win money because of government policy decisions. The Coalition of Community Foundations for Youth reports that local foundations from New Haven to Oakland, Cal., to Alabama are already convening representatives of non-profit groups, businesses, and government agencies to prepare for the shift in responsibility for social policy from the federal to the state level.

Foundations of all kinds can provide technical assistance and incentives to help states, cities, and towns to upgrade their technology and train their employees to assume their new roles effectively. Grant makers should also finance efforts to make sure government programs are meeting the needs of the people they are supposed to serve. States and localities will have virtually no time to prepare for the changes that are about to happen, so it is hard to overstate the importance of focused leadership by foundations and non-profit groups.

Build new bridges. In a highly partisan time when everyone is a specialist, it is not surprising that there is little meaningful dialogue among people from different political parties, levels of government, and types of organizations. Yet effective solutions to today's social problems will not result from sound-bite swipes, isolated discussions among one-issue experts, or the solitary efforts of any one branch or level of government. Rather, workable solutions are likely to emerge from connections and ideas that defy traditional labels, ignore conventional boundaries, and meet large social goals. By making grants to projects that get people from different walks of life to talk, share information, and make decisions, foundations can do much to encourage solutions that make sense in tomorrow's world.

Invest in evaluation and research. Taken together, the Congressional proposals to overhaul social policy do not contain an overall strategy to assess whether the new approaches are successful. States, under increased pressure to channel scarce funds to direct services, are not likely to pay for such research. Foundations can fill that void, providing answers to the questions about accountability and effectiveness that Congress and local organizations will certainly ask five years from now. That holds true for street-by-street and neighborhood-by-neighborhood analysis by community foundations as well as major longitudinal studies by national foundations. The role of foundations in documenting how disadvantaged people fare under the new federalism will be especially critical.

Foster innovation and experimentation. Direct federal support for demonstration projects will soon dwindle. At the same time, states will have increased flexibility to test promising strategies on their own. Money from private grant makers, always an important catalyst in the laboratories of social learning, could provide critical incentives for states and localities to experiment with building new partnerships—from creatively blending federal, state, local, and private funds to re-tooling front-line staff members from various agencies so that they can provide one-stop shopping for families seeking cash benefits, job placement, housing, and health services.

Renew American democracy. The striking shifts in social policy we have witnessed in the past year make it clear that elections matter. Yet only two out of five eligible voters actually cast ballots in the last election. And poll after poll shows increasing public apathy, even hostility, to government at all levels—federal, state, and local. Efforts by foundations to strengthen American democracy—supporting voter registration, public forums such as town meetings, and less knee-jerk news coverage of politics—will be increasingly important as our country moves into the 21st century.

The Republican Congress, often with the support of the Clinton Administration, is headed towards fundamentally changing the form and function of federal social programs affecting children and families. Leadership from national as well as local foundations may well determine if this shift is, in the long-run, a crisis or an opportunity for poor Americans.

Margaret Dunkle is director of the Institute for Educational Leadership's Policy Exchange, a project that seeks to improve education and human-services policies that affect children and families.

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Business Bulletin

A Special Background Report
On Trends in Industry
And Finance

LOCAL CHARITIES win more corporate support.

The Travelers Foundation, which evolved from foundations of its Travelers Group's Travelers Insurance, Primerica, Smith Barney and Commercial Credit businesses, is giving more where workers live. In 1995, it gave some $5 million to worker-nominated agencies such as St. Nicholas Clinic in Paducah, Ky., and Elks Lodge No. 599 in Hattiesburg, Miss. It also gave $4 million in big, central-theme grants to education and such and plans to maintain a 50-50 mix.

Giving corporate money to places where employees live is "a popular mode that is increasing," says Dee Topol, foundation president. She adds that since Travelers' (unlike some corporations) has branches all over the country, workers "can really look at the community and decide what to support." But going local means more work for branch managers who make final picks.

Some 80% of the foundation's grants in '95 went to groups where workers volunteered or had some other input.

The Rich Don't Give Block Grants

By Francie Ostrower

CAMBRIDGE, Mass. Today's budget-cutting Republicans, like those of the Reagan era, argue that private philanthropy can fill the gap caused by reductions in Federal social spending.

Their assumption that charitable institutions can take over the safety net and manage it more efficiently than Washington leaves the impression that the nation can enjoy the financial benefits of smaller government without inflicting further suffering on the needy.

Unfortunately, this opinion is not based on reality. In the late 1980's, I interviewed wealthy donors, in part to learn about their philanthropic motives. The findings provide strong grounds to assume that the charitable nonprofit sector would not be able to take over from the Government.

By and large, wealthy donors do not share the idea that philanthropy is a substitute for government action. In their view, social responsibilities should be divided between the public and philanthropic sectors. Even those who give generously to causes that primarily serve the poor consider support for the needy basically the Government's job.

How private donors choose their causes.

As one donor put it: "I do not give money to buy clothes and food for individuals. My tax money goes for that. That's a Government responsibility." (This donor, like all, spoke on the condition of anonymity.)

Like many other Americans, these affluent men and women are wary of big government. Yet, they say, philanthropy cannot adequately address large-scale social problems. Government, one said, has "a very important place in welfare programs." The donor added: "There's no way private philanthropy can sustain the needs of our society."

Referring to AIDS, another donor said, "For private enterprise to try and find a solution is like trying to brush the sand away from the beach."

Politicians praise the private sector because it depends on individualism and initiative to get things done. But these very values reinforce the desire of philanthropists to give to causes that they themselves choose, not to meet needs that politicians create.

Evidently, those who want charity to step in for government do not really appreciate how donors choose beneficiaries. Basically, donors want to focus their largest contributions in areas where, as they often say, the gifts can "make a difference." This dissuades them from concentrating on widespread, intractable social problems.

Their decisions are affected by the central influences in their lives — friends, family, religion, class milieu, peer pressure. One person I interviewed helped an inner-city youth organization because friends were involved. Another chose to give to a hospital because family members used it and they knew the doctors and the hospital's needs. Still another was recruited to support an orchestra by an acquaintance she met at one of its events.

Such people do not necessarily choose institutions that are the "best" or most needy, or by weighing philosophical arguments. By its very nature, the urge to give does not respond to social issues in a balanced and equal way.

This means that organizations whose work may not correspond to the concerns of wealthy benefactors will be at a disadvantage, regardless of their quality or importance. Many groups fear that they will be unable to find enough money to fill the gaps left by cutbacks. These groups include Jewish, Protestant, Roman Catholic and secular charities.

On what basis, then, can the Republicans assume that private dollars will flow to organizations hit the hardest by the Federal axe? The fears of the charities are more realistic than the expectations of the politicians. □

Francie Ostrower, associate professor of sociology at Harvard, is author of "Why the Wealthy Give: The Culture of Elite Philanthropy."

Unless private donors up the ante a lot, charities in for trouble

By Tom Teepen
Cox News Service

Other points of view

ATLANTA — The Christmas spirit teases our charity. And if that doesn't, year-end tax deductions do. One way or another, few of us get through the season whole.

Well, good for us. Giving becomes us. It helps, too. May Salvation Army kettles boil over.

But our decent charitable impulse is being evilly used these days, cited as reassurance that federal social programs can be cut brutally without human damage: The good people of America, we are told, will make up the difference voluntarily.

Will they? For that matter, can they?

Lester M. Salamon, director of the Johns Hopkins Institute for Policy Studies, has run the numbers. They are deadly.

Direct federal support for nonprofit groups is set to decline 26 percent by 2002. Nonprofits will have to make up a $263 billion shortfall. Even if state and local governments hold up their end — big if — private giving will have to increase at 16 to 20 times its recent growth rates.

And to make up both for direct losses to nonprofit groups and for overall cuts in federal social spending, private giving would have to increase even more steeply, by 86 percent in 1997 and 247 percent in 2002. There isn't a major charitable organization that believes it can be done.

In fact, American giving patterns have been moving the other way. Over the last five years, growth in giving has fallen to less than 1 percent a year in constant dollars.

The percent of household income given to charity declined from 2 percent to 1.7 percent between 1989 and 1993, and giving by families making more than $1 million a year (the big winners of the last 15 years) is off especially sharply.

About half of that "charity" goes to churches and other religious institutions, and much of the rest goes to colleges, the arts and fashionable hospitals.

Little more than a pittance finds its way to the poor, the prime targets of congressional budget-cutting.

Making matters worse, the same politics that admires charity in theory is working hard to hold it back in practice.

Congressional Republicans are trying to enact a law to limit sharply the amount of money nonprofit organizations could use to advocate their programs.

House Majority Leader Dick Armey, R-Texas, and GOP presidential hopeful Malcolm Forbes Jr. have urged business to stop giving to a long list of charitable, environmental, health and other nonprofit groups suspected of liberalism.

The political right has spent years tutoring the public that the poor are undeserving — if they were deserving, they'd be well-off — and that anyway, the worst thing the nation can do for its poor is to help them.

Those claims, pushed as a way to poison the atmosphere against public effort, equally poison it for private effort. After all, if public help just weakens the poor, why would a private dollar be any less enfeebling?

If generosity only subsidizes depravity, cheapness is virtue.

The very people who are invoking charity for political cover are saying behind that cover that Scrooge had it right the first time.