THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

HEARING

BEFORE THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, APRIL 11, 2002

Serial No. 107-57

Printed for the use of the Committee on Education and the Workforce

81-199 pdf

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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HEARING ON THE CORPORATION FOR

NATIONAL AND COMMUNITY SERVICE

Thursday, April 11, 2002

U.S. House of Representatives,

Subcommittee on Select Education,

Committee on Education and the Workforce,

Washington, D.C.

The subcommittee met, pursuant to notice, at 10:02 a.m., in Room 2175, Rayburn House Office Building, Hon. Peter Hoekstra [chairman of the subcommittee] presiding.

Present: Representatives Hoekstra, Roemer, Scott, Holt, Davis, and McCollum.

Staff present: Scott Galupo, Communications Specialist; Blake Hegeman, Legislative Assistant; Patrick Lyden, Professional Staff Member; Whitney Rhoades, Professional Staff Member; Deborah L. Samantar, Committee Clerk/Intern Coordinator; Rich Stombres, Professional Staff Member; Heather Valentine, Press Secretary; James Kvaal, Minority Legislative Associate/Education; Maggie McDow, Minority Legislative Associate/Education; and Joe Novotny, Minority Staff Assistant/Education.

Chairman Hoekstra. A quorum being present, the Subcommittee on Select Education will come to order.

Today we're meeting to hear testimony on the Corporation for National and Community Service. Under committee rule 12(b), opening statements are limited to the chairman and the ranking minority member of the subcommittee. Therefore, if other members have statements, they may be and will be included in the hearing record.

With that, I ask unanimous consent for the hearing record to remain open 14 days to allow member statements and other extraneous material referenced during the hearing to be submitted in

the official hearing record.

Without objection, so ordered.

Mr. Roemer. Without objection.

Chairman Hoekstra. Thank you, Mr. Roemer.

Mr. Roemer. Thank you, Mr. Hoekstra.

OPENING STATEMENT OF CHAIRMAN PETER HOEKSTRA, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC

Chairman Hoekstra. I notice Mr. Roemer is drinking his Pepsi this morning, but it's caffeine-free, so that's the signal that this will be a great hearing and a bipartisan hearing.

Just to kind of set the tone, Mr. Roemer and I have been working on this and talking about it for quite some time. We have been involved in the process of meeting with the Corporation for National and Community Service, their board, and last fall, we met with Les a couple times - most recently yesterday. We are optimistic that we can move this legislation relatively quickly and do so in a bipartisan basis.

We have established through this subcommittee an ability to work on some easy issues on a bipartisan basis, but we have also established the ability to work on some tough issues on a bipartisan basis. We expect that we're going to be able to do this one together. The dialogue and the discussion we've had with the administration indicates that we think we can all be equal partners in writing a reauthorization bill, in writing a bill that we can all agree on and that we can move through committee and that we can move through the House on a relatively accelerated basis.

We think that's a great way to start the process and we expect that, when we end the process, that's exactly where we will have been.

We've recognized that this is a priority for the President. This will be one of the things that he is going to be talking about consistently. We know that this has been a priority for a number of our colleagues in the House to get this reauthorization up and running, and we've been talking with our colleagues about how exactly we are going to be able to make that happen.

The administration's proposals are a set of proposals that talk about reforming and updating the Corporation for National and Community Service. This is legislation that was originally passed in 1993. The authorization expired in 1996. It has obviously continued to be funded since that time.

It was a bill that I voted for in 1993. I've not always been pleased with what has happened through the Corporation since that time, but I am looking forward to reforming it, enhancing it, and updating the law based on what we've learned over the last eight or nine years.

The President's principles are really built around four points: support and encourage greater engagement of citizens in volunteering; make federal funds more responsive to state and local needs; make federal support more accountable and effective; and provide greater assistance to secular and faith-based community organizations.

I think those are principles that are widely accepted and that will form the core of the reauthorization bill.

I would also like to specifically thank the people at the Corporation for National and Community Service for the work that they've done over the last few years in improving their financial management systems.

Kind of the base starting point for any major organization is just to have the fundamental reporting and control systems in place. I believe that the Corporation has had two years in a row of clean audits, which I applaud, because that really gets to be a barrier to appropriating more than a half a billion dollars to an agency that can't keep a clean set of books.

Everything has indicated that, since September 11th, the spirit of the American people, both old and young, is a renewed commitment, or a renewed awareness, to the service commitment that makes America such a special place.

Now is exactly the right time to reauthorize this program to build on that spirit of community and recognize the partnership between the Federal Government, the states, and the unprecedented performance of our not-for-profit sector in the United States.

I'm looking forward to that. I'm looking forward to the testimony today and the process over the next few months.

With that, I will yield to my colleague, Mr. Roemer.

WRITTEN OPENING STATEMENT OF CHAIRMAN PETER HOEKSTRA, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC – SEE APPENDIX A

Mr. Roemer. Thank you, Mr. Chairman. I ask unanimous consent to revise and extend my remarks.

Chairman Hoekstra. Without objection, so ordered.

Mr. Roemer. Thank you, Mr. Chairman.

OPENING STATEMENT OF RANKING MINORITY MEMBER TIM ROEMER, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC

First of all, I want to salute and thank you for, already, your hard work on this bill. As you mentioned in your opening statement, you and I have been talking about this reauthorization process for probably close to four or five months. We've both had meetings on it. We've both had several conversations in your office, on the floor, and around the Capitol on this, and I look forward to working with you on this bipartisan bill, as you and I have worked on the previous two bills, CAPTA and the Libraries and Museums Bill that we reported out of full committee three weeks ago. I look forward to that bipartisan success and to building on the good working relationship that we have.

I would also like to say that the witnesses that we have before us today, Dr. Lenkowsky, if you can only be as successful in AmeriCorps as the university that you come from, Indiana University, was in the runup to the championship game, we'll be doing very well here. We're very proud of the Hoosiers and what they did in the tournament. We're very proud of you and your work in political science and in the State of Indiana, as well, too, so we look forward to our relationship building on this program.

We have Mr. Khazei, who I've known for a couple years now. I think we first met two years ago, and you and your wife are very involved in this process, and we look forward to building on that relationship, too, and hearing your testimony after Mr. Lenkowsky.

I guess what I'd like to say, I say a lot in my opening statement about the importance of AmeriCorps. I'm an original supporter of the bill that first came through the Clinton administration.

I have several programs in my district, one at the University of Notre Dame that's one of the best programs in the nation, called ACE that has students study for their master's degree. They go into South Bend schools to help teach children that are not doing particularly well in their test scores with remediation in the summertime. Then they're put into schools where we cannot recruit many teachers, in the south, in areas of high poverty.

I have national service programs with the environment, with life services programs in the homeless center in South Bend. These programs are exemplary. They're working well, and we can replicate these programs across the country.

We all talk about September 11th and what happened to this country on September 11th. We all remember what we were doing.

I remember, on September 11th, after a long, long day, and evacuation here in the Capitol of our offices, I was driving past the, across the 14th Street Bridge in the middle of the night, and saw the Pentagon still in flames.

I drove past a couple barricades, parked about 500 yards from the front of the Pentagon, and walked up to the Pentagon through the mud and the slush of the water that had been poured on the flames. It was still smoking. There was still fire coming from the building 13 hours after it had been hit,

I'll never forget the shock of standing 20 yards in front of that building, people still trying to figure out if there were bodies underneath the rubble. The building itself looked like a steel boot had come down, collapsing that building into a paper accordion.

Seeing how we had been attacked, how our people had been killed, at one of our strongest forts, buildings, was indeed shocking and terrible.

I guess at that time, in the middle of the night, I'll never forget, then, turning around and looking at the army of Americans that stretched as far as I could see, people coming forward to collect parts of the plane that might have been six inches long, for evidence, to then put together, as the FBI evidentiary team; people coming forward in their Army fatigues to help the people that were getting tired after 12 hours of work; medical personnel; volunteers across the board. This was the spirit that we need to see really energized in this country.

I'll never forget, then, sitting down at the breakfast table the next morning with my family. I have two little boys, nine and seven, although they don't want to be called little boys, and two daughters, five and almost two.

My wife and I concentrated on talking to our two sons, who are fascinated with, you know, explosions and bombs, and we thought they'd be a little bit scared of the whole process, so we were talking to them, and about 15 minutes into the conversation, at 6:30 in the morning, my five-year-old daughter Sarah bursts into tears and starts crying, hysterically, and shaking, and gets in my lap, and she says, ``Daddy, are these bad people going to get us, too? Are we going to get it?"

I'll never forget hugging her and telling her, ``No, sweetheart, we're going to be okay. We're going to handle this. Everything's going to be fine in America, and we'll take care of it."

She looked at me, and the tears stopped, and she said, ``Daddy, then how do we help?" How do we help? A five-year old.

Now, between the army of Americans at the Pentagon and this five-year-old saying how do we help get this country going in the right direction again, that's exactly what we want to see with the President's State of the Union, where he wants to expand AmeriCorps. When we win this war on terrorism that will be one of the successes that is tangible.

I think the other tangible success will be when we find ways to motivate the great spirit in this country to help other people and do it through organizations like AmeriCorps. I think that's really our challenge.

So we look forward to your testimony today. We look forward to working with you on a bipartisan bill. There will be some questions and some disagreements here and there, but I think

overall we're very excited by the President's proposal to increase funding, to expand this program, to build on what happened to this country on September 11th.

With that, I yield back any time I might have, Mr. Chairman, but I don't think I do have any time left.

WRITTEN OPENING STATEMENT OF RANKING MINORITY MEMBER, TIM ROEMER, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC – SEE APPENDIX B

Chairman Hoekstra. I think you're right.

Let me introduce our first witness today, Dr. Les Lenkowsky.

Dr. Lenkowsky is the Chief Executive Officer of the Corporation for National and Community Service. He was appointed by President Bush and has served as CEO since October 2001.

Prior to his appointment, Dr. Lenkowsky served the Corporation as a member of its board of directors since its creation in 1993. Before joining the Bush administration, he served as a professor at Indiana University, Purdue, at Indianapolis and as a research associate at Indiana University. It's hard for me to say that. He also holds a Doctorate from Harvard University.

Les, welcome and thank you for being here.

STATEMENT OF LESLIE LENKOWSKY, CHIEF EXECUTIVE OFFICER, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE, WASHINGTON, D.C.

Mr. Lenkowsky. Mr. Chairman, Congressman Roemer, and members of the committee, I am privileged to come before you this morning to present President Bush's principles for a new Citizen Service Act that would improve and enhance the programs of the Corporation for National and Community Service.

First, though, let me express my deepest appreciation for the support and oversight that this committee has provided to the Corporation.

In years past - and as you know, I was a board member all those years - you demanded accountability, and rightfully so. The Corporation has responded, as you noted, Mr. Chairman, administratively. Now, we propose to respond legislatively.

Since the Corporation was created in 1993, it has accomplished a great deal. But to better help build a culture of citizenship, service, and responsibility, we must use the lessons of the past decade to strengthen the quality of the Corporation's efforts and assist more Americans to serve their neighbors, their communities, and their country.

In my prepared testimony, which I would like to submit for the record, I have outlined what the Corporation has achieved since it began and what we have learned about where we need to improve.

On April 9th, President Bush unveiled the principles we believe should guide reform of the Corporation's programs: AmeriCorps, Senior Corps, and Learn and Serve America. These are attached to my written testimony. Today, I would like to briefly summarize them for you.

As you noted, Mr. Chairman, the President's principles have four major objectives.

The first is to support and encourage greater engagement of citizens in volunteering.

In AmeriCorps, we would propose to do this by statutorily requiring all members to focus on generating additional unstipended volunteers; improving the education award, such as by eliminating tax on it and allowing it to be transferred to younger family members or even to teens; testing new approaches that give would-be members a wider range of places in which they could serve; and encouraging growth and greater private backing for successful AmeriCorps programs, such as Teach for America and City Year.

We would also reduce the age and income restrictions that disqualify too many older Americans from Senior Corps; create a special program to connect veterans with youth; and eliminate barriers to people with disabilities from participation in all our programs.

Finally, we would urge Congress to amend the Higher Education Act to require every college and university to increase over several years the percentage of federal work/study funds devoted to community service to 50 percent as part of a more comprehensive effort to enhance service learning among all our young people.

Our second goal is to make federal support for service more responsive to state and local needs. We would like to give states more authority to select AmeriCorps programs than they have today, as well as greater flexibility - within reasonable limits - to allocate funds for administrative uses.

We want to see communities have more leeway for developing Senior Corps programs that will appeal to the baby boomers who are on the verge of retirement, including by offering transferable Silver Scholarships to those who have made substantial commitments of time.

We propose to consolidate and modify Learn and Serve programs so that they can better address barriers to high-quality service learning programs, such as lack of teacher training.

Without jeopardizing our hard-won management improvements, which produced, as you noted, our second consecutive clean audit opinion, we believe that with appropriate authority we can do more to simplify administrative requirements and ease the burden of our programs on state and local communities, as well as the charities in which our members serve.

At the same time, the third objective of our principles is to make the Corporation's programs more accountable and more effective.

We propose a statutory requirement that all AmeriCorps, Senior Corps, and Learn and Serve programs establish performance goals, develop corrective plans if they fail to meet these goals, and lose part, or all, of their federal support if corrections are not made.

We would also like to write into law the successful agreement we have had with Congress to contain the average cost of AmeriCorps. One reason the agreement has been successful is that the Corporation was able to develop some lower-cost, high-impact ways of serving in AmeriCorps, such as the education award only version, in which members receive no federal living allowance.

We would like the authority to move these from the test phase, where we are limited in how many positions we can support, into the general AmeriCorps mix. We are also interested in using the National Civilian Community Corps model, which is now wholly funded by the Federal Government as a basis for partnerships with public agencies and nonprofits that would primarily work on public safety, public health, and emergency response efforts.

I might note, Congressman Roemer, that among those Americans you saw at the Pentagon and among those who responded almost immediately to the World Trade Center and to many other parts of the country were members of our National Civilian Community Corps and other parts of AmeriCorps.

Last but not least, our fourth goal is to provide greater assistance to secular and faith-based community organizations. This has always been a priority for the Corporation's programs, especially VISTA, which, as you know, dates to the War on Poverty.

By making some modest changes, such as in the rules governing how its members are selected and placed, we believe we can make VISTA even more helpful to groups on the front lines of helping the poor and needy. With proper authority, we can also do a better job of ensuring that all the Corporation's programs do what VISTA has long been committed to doing: helping nonprofits mobilize the resources, including modern technology, they need to be sustainable and effective.

The President's budget for fiscal year 2003 proposes increasing AmeriCorps by 25,000 members and Senior Corps by 100,000. We request that this committee authorize the appropriations necessary to reach these ambitious targets.

While our existing legislation, together with the management improvements we have made in recent years, would enable the Corporation to achieve these goals, we believe that the changes the President is calling for will produce more volunteers and more help for nonprofit organizations for each government dollar spent.

We also need to take advantage of an extraordinary moment in American history. Since September 11th, Americans of all ages and backgrounds have come to recognize even more that

this is a country worth not only defending but also worth serving.

According to one recent survey, 81 percent of young adults, cutting across all demographic groups and political affiliations, say they would like to have a chance for a full year of national or community service.

Since the President's State of the Union address in which he called on Americans to serve and created the USA Freedom Corps, applications for AmeriCorps are twice what they were a year earlier. Interest in Senior Corps has risen even more and a blue ribbon committee chaired by former Senator John Glenn has just called upon the nation's schools to invest more heavily in service learning.

By improving its programs as it adds more capacity, this committee will enable the Corporation to respond more effectively and expeditiously to a public that wants to help. And if together with our volunteer centers, United Ways and many other private groups, we are successful in responding, we will do a better job of helping people in need. And perhaps more importantly, we will strengthen the spirit of civic responsibility upon which the health of American democracy rests.

We look forward to working with you, to translate your ideas and the principles the President has articulated into legislation that will put the Corporation on a strong bipartisan footing for its second decade and beyond.

Thank you very much, Mr. Chairman, and I'd be delighted to take your questions.

WRITTEN STATEMENT OF LESLIE LENKOWSKY, CHIEF EXECUTIVE OFFICER, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE, WASHINGTON, D.C. – SEE APPENDIX C

Chairman Hoekstra. Thank you. I want to talk about two of the programs that maybe are a little bit off the core of the Corporation, but that I think are very critical: the Senior Corps program, and something that is not part of the Corporation but where you do have a proposal, and that's Federal Work/Study.

In the area of the Senior Corps programs, you're proposing to reduce the age limit and then you're also talking about new senior scholarships, and also eliminating, or changing the income eligibility.

What's the thinking behind those changes?

Mr. Lenkowsky. We have three separate Senior Corps programs. One is Foster Grandparents, where seniors work with young people who need a grandparent–like figure in their lives; Senior Companions, which is a program whereby younger seniors aid the older and frailer elderly; and then the Retired Senior Volunteer program, which is by far the largest of them, in which seniors do a variety of tasks.

In both Foster Grandparents and Senior Companions, these are programs that were enacted, again, back in the 1960s. At the time, they set the retirement age at age 60. And there's an income ceiling for eligibility to be a senior companion or foster grandparent of 125 percent of poverty.

That may have made sense then, when people were likely to retire a bit later than they are today and when we had a far larger proportion of elderly people living in poverty than we have today. As a result of those two requirements, our Senior Companion programs and Foster Grandparents are turning people away who want to serve in these programs, but might be just a little bit above that income ceiling, or might not have reached the age of 60 yet.

Our Senior Companion programs did a survey of this and they reported - 95 percent of them reported that they had a waiting list of frail elderly who wanted a senior companion - but they couldn't get enough people into the program to fill that waiting list. And, 88 percent of our project directors said that the most important reason for that was our low ceiling of income eligibility.

We currently have a waiting list in those two programs. We have young children who would like a companion, a grandparent in their lives, seniors, frail elderly who would like somebody with them. We have people who want to do it, but our own rules prevent us from enrolling those people in these programs.

The Silver Scholarship is a bit different in concept. That will apply across the board, and it's designed to recognize seniors who will commit a significant portion of their time each week to service of one sort or another.

Right now, our Senior RSVP, the largest of our Senior Corps programs, is completely unstipended. Foster Grandparents and Senior Companions have relatively small stipends.

We think, and President Bush proposed this during the election campaign, that by giving an opportunity to recognize a strong commitment to scholarship, say 500 hours a year or more, we would attract more seniors into these programs and do a better job of serving people who need the help our seniors can provide.

Chairman Hoekstra. Thank you. I'm very supportive of, directionally, where you want to go on that. We'll have to work through the details on that.

Federal Work/Study, proposing increasing - outline exactly where you want to go with this.

Mr. Lenkowsky. The work/study program was a really creative idea back in the 1960s when it was first enacted. The idea was that low and moderate-income young people would be able to earn some money to go to college, and while they're doing that, give something back to their communities by tutoring or mentoring, for example, as well as develop skills that are relevant to their career plans after college.

For a variety of reasons, we haven't quite fulfilled that objective. Most of the students in Federal Work/Study do work on campus in a variety of very useful and important things. But we also know, from surveys that the Department of Education and others have done, that if given a

choice, a large percentage of students eligible for Federal Work/Study would like to have the opportunity to work off-campus-giving something back. And, I suspect that's especially strong after September 11th.

A few years ago, Congress required colleges and universities to allocate 5 percent of those Federal Work/Study funds' slots to what we call community service or serve study. That percentage was increased to 7 percent on average. The percentage is now 14 percent across all colleges and universities. We are proposing a fairly stiff increase in that to 50 percent.

Now, we understand that this is going to be difficult for some colleges. There are a lot of practical issues that are involved. I want to emphasize that this proposal is meant to be taken in the context of a comprehensive effort to engage college and university students using all sorts of tools, including the Federal Work/Study program, in serving their communities.

Right now, although we don't have terrific data on this, we think that the rate of volunteering among four-year undergraduates - even excluding the non-traditional student who is working and raising a family while he or she is going to college - is actually below the national average.

We think the habit of service and volunteering is formed young. So we would really like to work with this Congress and with our leaders of higher education to use all the available tools, including the Federal Work/Study program, to engage as many students as possible in service while they're undergraduates, and develop those habits very young, for a lifetime of service.

That's the rationale for our proposal. We understand, as you noted, that this is really something that has to be considered in the context of the Higher Education Act.

We're already having a lot of good discussions with the Department of Education and with the presidents of colleges and universities around the country. They're giving us a lot of good ideas and, more importantly, coming up with some creative thinking of their own on how to respond to the President's call to service.

Chairman Hoekstra. Thank you. Mr. Roemer.

Mr. Roemer. Thank you, Mr. Chairman.

Again, thank you for your helpful testimony.

You have mentioned that you - and the chairman mentioned this - that you want to eliminate, at least in your principles, the income test for participation in Senior Corps, although I think, in your principles, you also say that you should put a priority on low-income seniors.

Right now, current law is at 125 percent of poverty. Are you, you know, really ratcheting down here on eliminating this income test, or are you willing to work with us on really looking for some ways to emphasize that we should maybe be flexible here?

Mr. Lenkowsky. As you know, President Bush has proposed principles for legislation. I think that reflects his desire, and certainly our desire, to work constructively with you.

We want to make sure that if there is a frail elderly person who needs and wants a senior companion, that we're not turning people away; if there's a young child who needs an older figure in his or her life that we're not turning people away who want to do that.

At the end of the day, we keep coming back to the need. How we get there is something we want to work out with you.

Mr. Roemer. All right. Good. With respect to the new Citizen Corps that has been proposed, I believe the way you have it in the principles is the Citizen Corps would be structured underneath FEMA?

Mr. Lenkowsky. Yes. Citizens Corps -.

Mr. Roemer. Why is that? And then tell me how Freedom Corps works into all this, too. I'm not sure that I completely understand.

Mr. Lenkowsky. It is a bit confusing, and we've heard that from a lot of people - including when I testified over at the other body on Tuesday.

Let me give a brief explanation. USA Freedom Corps is a Cabinet-level coordinating body. If you think of it as analogous in some ways to the National Security Council or the National Economic Council, that's probably the way to think about it. Its membership consists of relevant Cabinet agencies plus independent agencies, such as [Corporation for National and Community Service], the Peace Corps, and FEMA. The purpose of the Council is really to coordinate and improve everything the Federal Government does to help people serve their country and respond to the President's call for service.

Freedom Corps was created by executive order. There's nothing about it that changes the authority of the Corporation or my accountability to you and others. The same would be true of Peace Corps.

There are right now three major operating components that operate within the umbrella of the Freedom Corps. One, of course, is the Peace Corps, which remains independent; one is the Corporation; and the third is called Citizen Corps, and it is a collection of efforts, many of which already exist, such as the Department of Justice's Neighborhood Watch, aimed at mobilizing volunteers for a very specific purpose - homeland security.

In one way or another, all of the different elements under Citizen Corps, under the direction of FEMA, working closely with state and local councils, are going to be geared to homeland security tasks.

The relationship of the Corporation to Citizens Corps is that about 30 percent of people in AmeriCorps and Senior Corps right now are engaged in public safety, public health, or disaster

preparedness activities.

If state and local groups start to inventory what they need to do to prepare in the event, and we hope it doesn't occur, that there's another attack of any sort on us, they're going to take into account the resources that the Corporation has available.

At the state level, we expect our state commission will participate in the planning process. I'm sure at the local level, our people will be working there, too.

Mr. Roemer. All right.

Mr. Lenkowsky. There's no change in the laws, but we are an asset to the Citizens Corps and look forward to doing that.

Mr. Roemer. I want to continue to understand that structure now, and talk with you about that.

The Peace Corps and the AmeriCorps are certainly independent, as you mentioned, agencies, and I'm not sure how these now are structured as wings of Freedom Corps and what that does for recruitment and so forth, but I want to meet with you more on that.

The chairman mentioned the work/study program and your setting this 50 percent requirement. I do want to talk to you more about that. I think there's a bill on the Senate side that has set that at 25 percent, and that's certainly, you know - why do you think - what benefits are there in those different goals there?

You also talk about a cost per, maybe establishing a cap on average expenditures per AmeriCorps member, but you don't mention a specific figure. You talk about giving flexibility to states.

Why don't you mention a figure, a cap level, if you think that's important?

Mr. Lenkowsky. Well, we thought we would work with you on that.

Mr. Roemer. That's a good reason.

[Laughter.]

Mr. Lenkowsky. We have, as you know, had a cap in place.

Mr. Roemer. I like you. You're going to do well up here.

Mr. Lenkowsky. We've had a cap in place. I want to emphasize it really is a comprehensive cap.

It covers not just the living expense stipend, but also the education award, the health insurance benefits, the child care, and even the administration and training costs per member, full-

time equivalent.

That's been very successful. We can show, and I'll be glad to submit for the record, a great story about how our average full-time equivalent costs have been going down steadily since we entered into that agreement, actually, even a bit before, knowing of Congress's concern about this. We think it's time to put this into statute.

It's quite unusual. We've been researching, and I'm not sure any other agency does this, but we were mindful of the concerns that this committee and others have expressed. And we feel that, on an average basis, we can put a cap in place without significantly undercutting our flexibility.

Some of our programs, like our camp-based program, the NCCC, are going to cost a bit more per member. But that's why we can move them immediately to the Pentagon, because they are there full-time in a residential setting.

Others, like our ed award only, cost significantly less per member. We want to balance it out and get a good balance portfolio that falls within that cap.

Mr. Roemer. Thank you, Les.

Chairman Hoekstra. Mr. Scott.

Mr. Scott. Thank you, Mr. Chairman, and thank you, Mr. Lenkowsky.

I had a couple of questions about Section 175 of the Act, the non-discrimination part, which prohibits bigoted discrimination based solely on race, color, creed, national origin, sex, age, political affiliation, disability, and religion.

Are you proposing any change to Section 175?

Mr. Lenkowsky. At the moment, we are not proposing any changes.

Our legislation, if I may, Congressman, does not allow grantees to discriminate on the basis of religion or the other categories you mentioned, in hiring new employees who are paid with Corporation funds to work on a Corporation-funded project.

However, religious organizations - I know this is a concern of yours - remain exempt from Title 7 coverage, and therefore, may consider religion in employing staff members who are paid for by private funds and staff members who, although supported by Corporation grant funds and assigned to a Corporation-funded project, were employed with the religious organization prior to the grant award.

Now, this particular -.

Mr. Scott. That last part says if you've got somebody on staff, you don't have to fire them in order to get a grant?

Mr. Lenkowsky. Right. If the pastor is going to use part of his duties supervising our program, that's fine.

Now, if I may just give you the history of this, this provision dates back to 1990, when President George H. W. Bush signed into law the National Community Service Act.

Mr. Scott. Let me just ask a number of questions.

You don't anticipate changing any of Section 175?

Mr. Lenkowsky. Not at this moment, but since that provision was enacted into law, as you know, Congress has voted several times on charitable choice legislation. The courts have ruled in a variety of ways that are relevant to this area, and ultimately, it's led to a somewhat different understanding, as I understand it, from the 1990 understanding.

We are committed here to working with faith-based organizations. As you know, they are a critical part of our nation's charitable world.

Mr. Scott. Are you proposing to change - you're not proposing to change Section 175 to allow religious discrimination with federal funds in hiring with federal funds?

Mr. Lenkowsky. We are not proposing to do this, but we do want to work with Congress to see if, in light of the debate that's going on here, to see if, when that is concluded, there's any need to make our programs in conformance with the result so that we can continue to serve them.

Mr. Scott. Well, if Congress wants to allow discrimination, so that you can say that people of certain faiths aren't qualified to work in these projects, that will be Congress's decision, but not yours.

Mr. Lenkowsky. That is correct, Congressman. We want to stay in conformance -.

Mr. Scott. You're not advocating the change?

Mr. Lenkowsky. Not at this moment, Congressman. We do, though, want to make sure that nothing about our programs infringes on the religious liberty of our grantees. We want to make sure that we can reach out to -.

Mr. Scott. And you can do that -.

Mr. Lenkowsky. - to faith-based organizations effectively.

Mr. Scott. - if you limit the discrimination, anti-discrimination parts just to those paid for with federal money. What you do with the private funds is up to the religious organization, but with the

federal funds, we don't want any discrimination.

Mr. Lenkowsky. We certainly don't want discrimination, other than as permitted by this Congress, as you suggested earlier, the exemption.

Mr. Scott. Congress is going to do what Congress does.

Mr. Lenkowsky. That's correct.

Mr. Scott. I'm just making it clear that that's not your idea; you're not advocating the change?

Mr. Lenkowsky. Our goal is to work closely with faith-based organizations. We want to make sure that - within the law as enacted by this Congress, and ruled on by the courts - that we are doing everything possible to reach faith-based organizations.

Mr. Scott. Are you going to, on this choose your own thing, are you going to pre-qualify programs that someone can go, if you give the individual the money, and then they go find their slot? Are you going to pre-qualify the organizations and give them a list of places they can go, or are they pretty much on their own?

Mr. Lenkowsky. Well, it's one of the things we're going to look at, as we would propose to test this, not to make it a part of the program. I had a certain amount to do with designing that.

My own idea - which may or may not, I'm sure it will be part of the test, given my role at the moment - was to let the range of organizations conform with United Way accredited groups or community colleges, or if it’s a nursing home, an accredited nursing home. It would be a broad range of groups that meet some standard of accreditation.

Mr. Scott. Now, will those pre-approved organizations be required to comply with Section 175 or will they be able to say, ``We don't want people of certain religions''?

Mr. Lenkowsky. I think whatever rule we have regarding the discrimination rules will pertain to everybody in AmeriCorps, and to every organization that participates in AmeriCorps.

Mr. Scott. Will the participants be able to participate in religious activities paid for with federal money; like will the participants be able to get involved in religious expression, proselytization on government time?

Mr. Lenkowsky. They're currently not allowed to do this.

Congressman Roemer mentioned the ACE program, which really is one of our best programs. That program places AmeriCorps members in under-resourced religious schools all around the United States and its run by the University of Notre Dame.

But our rules very carefully stipulate that the students can teach biology, they can teach algebra, they cannot get involved at all in religious instruction, and that's worked for us and I see no

reason to change it.

Mr. Scott. Can Notre Dame say that they don't want people of certain religions?

Mr. Lenkowsky. I do not think they can say that.

Mr. Scott. Thank you.

Chairman Hoekstra. Ms. Davis.

Ms. Davis. Thank you, Mr. Chairman. Thank you, Dr. Lenkowsky, for being here.

If I could continue with that just for a moment, do you anticipate that the Corporation would need to provide additional funding to follow students who essentially are working in religious institutions, as well as in nonprofits?

Mr. Lenkowsky. Well, we already do a great deal of monitoring. We're proposing to strengthen our accountability, both financial accountability and program accountability, as well as quality.

We can always improve on that, and we're going to continue to try to improve on that, but I think if there are instances of any violation between our efforts, through Washington, and the efforts of our state commission, we ought to be alert to them and take corrective action.

Ms. Davis. Do you have any sense of what that would cost to - right now, about what does is cost to track a student working, even in a nonprofit, just to see how that funding is being used?

Mr. Lenkowsky. Well, our administrative costs, which is what we're talking about here, are a relatively small proportion of the total funds we spend, but they're divided between administrative costs in Washington and costs for our state commissions and state offices. So it's a relatively small proportion of our total budget.

One of our principles that we're recommending is to put a little more flexibility - again, with some sense of reasonableness attached - so that as our programs grow, our state commissions can devote additional funds if they need to do so for administration.

In addition, our budget contains, I believe our budget proposal contains, a $5 million item that I am told is somewhat larger in relation to the size of our agency than would normally be the case for the inspector general. The inspector general is a key part of our monitoring operation. It monitors the compliance with our rules and regulations, which is precisely the point I think you're asking about.

Ms. Davis. Thank you. If I could just turn for a second to service learning in the elementary and secondary schools, I think you mentioned in your remarks that we need to expand that, and yet I understand that the dollar amounts are basically frozen at the elementary and secondary level for service learning programs and community service which would be integrated into academic

programs.

How high a priority, then, is that for the administration?

Mr. Lenkowsky. Well, service learning occurs in both colleges and universities, and in K-12 in our program. And, of course, the change we're proposing in Federal Work/Study would add an enormous amount of additional resources to service learning in colleges and universities.

At the K-12 level, what we are currently proposing is really to change around the way we do some funding so that we can devote our resources more effectively toward high-quality programs.

As you know, the percentage of federal funds in K-12 education generally is small. When we started our K-12 effort, there were a relatively small proportion of K-12 schools that had any kind of service learning program. So our efforts, working with the state education agencies, were, you might call, Johnny Appleseed efforts. We really wanted to seed a lot of programs all around the country.

The latest data we have is that between 35 and 40 percent of K-12 schools have some sort of service learning, so it looks like the seeds are beginning to bloom.

Then you add to that the Glenn Commission, one of whose members is the executive director of the National School Board Association, endorsing a great expansion.

We're confident that at the state and local level, which is where most of the dollars are for education, we're going to see increases in service learning.

What we're looking at here, what we're trying to do is to ask ourselves, what can the Federal Government do? How can we contribute to this?

We've reached the conclusion that the best thing we could do at this point, not 10 years ago, is to focus on quality.

For example, right now, the way our funding formulas work, we are very limited in our ability to fund teacher training in service learning, even though study after study that comes back tells us that the weakness is teacher training. So that's our direction.

Now, with regard to the specific amount, I am realistic. Again, we want to work with Congress. The President has, indeed, proposed in his current budget no increase in our service learning line. Many people think we already have much too large an increase in the Corporation's budget proposed as it is.

I think as the budget process goes on, if the members of this body and the other body think it's appropriate to put additional funding into service learning, you have the opportunity to do so.

Our concern in this legislation is to make sure that whatever level of funding you decide we should have of that activity, we are using it most effectively to promote service learning.

Ms. Davis. If I could just follow up for a second, because I think some people would suggest that if we don't - if we build on more existing programs and use those dollars to fund best practices in school districts, that perhaps, you know, there would be more money for school systems.

Mr. Lenkowsky. Well, I think best practice research is going to be an important part of our agenda, and that's what we're going to do. We're already doing it, but we need to do more of it.

All I'm saying is that our service learning budget, in our sense, is really going to be directed more now toward qualitative improvements, rather than quantitative expansion.

Ms. Davis. I think my concern, and I think a lot of our concern, would be not to - it seems as if the Corporation, though, is creating an additional administration to that which we already have, and we want to be certain that the dollars that are available are going directly to the students and to the programs that can serve them the best.

Mr. Lenkowsky. Well, this is always a challenge in the relationship between the Federal Government and state and local education. We're in close touch with state education agency people on this. We think that we can very constructively work with them. We've been doing it for 10 years, and expect to continue.

Ms. Davis. Thank you. Thank you, Mr. Chairman.

Chairman Hoekstra. Ms. McCollum.

Ms. McCollum. I would like to comment that I find the layout, the organization extraordinarily confusing, as Congressman Roemer pointed out, and when I go into schools and I'm talking and trying to make people excited or out in my community, or writing a community column or something like that, it doesn't need to look like, ``Welcome to the Federal Government," you know, ``We're here to make it confusing for you to volunteer," so I know that that's something that you'll probably be working on.

The other area, although Peace Corps and AmeriCorps, as you pointed out, are freestanding, you know, separate programs that are going to be part of this whole umbrella, Peace Corps really does have a very, very distinct and separate mission, one that this world needs now more than ever, one in which our country should be participating and having full emphasis on now more than ever, and so I would really, really caution the administration, and as you move forward, to make sure that Peace Corps' mission does stand bright, stand shining, and is easily identifiable as its separate mission in reaching out to the world community at large.

I do have a few questions. One is, in the discussion of the work/study, we're looking at changing - and if you could be brief in your answers - we're looking at changing the caps for seniors to participate. Are we looking at amending the qualifications for work/study in order so

that more students can participate in work/study as we're trying to do with the Senior Corps?

Mr. Lenkowsky. That could be one option. Again, we are not specific on the details here. We're making a proposal.

In addition, AmeriCorps is available to students who are going to college on a part-time basis. As I said -.

Ms. McCollum. Thank you. The other question that I have is, we're hearing from - more of a comment. I'm hearing from students in Minnesota that we do not have enough work/study money right now to go around for students without increasing income eligibility, so my question is, when will we know from the administration or from your department where the money is coming from and how much money is going to be directed into these programs? In other words, where are the dollars and where are they coming from?

Mr. Lenkowsky. I think you need to direct that to the Department of Education. As noted earlier, the Federal Work/Study program is not under our jurisdiction. It's under the jurisdiction of the department. They have been very cooperative. Our concern -.

Ms. McCollum. Sir, if I could - and I don't mean to be brisk with you, but I only have five minutes - you talk about setting up a work/study program. My question is, where is the money budgeted and where is the money coming from? Because we're into deficit spending, so I'm just trying to figure out how I'm paying for new programs.

Mr. Lenkowsky. We are proposing no additional spending in the work/study program as currently exists, but devoting a portion of it to off-campus service.

Students in the program will not lose. They will have more opportunities to serve.

Ms. McCollum. And as I pointed out, we do not have enough dollars right now to meet the needs of the students in Minnesota.

The other comment that I heard you make that was not in your prepared remarks had to do with - and I'm paraphrasing it, sir, so please apologize and clear up any misunderstanding I might have had - and that had to do with what Congressman Scott was talking about, had to do with pay and the faith-based organizations.

You said that money would be available to pay for part of a clergy salary in helping with some of these programs? Are we going to start supplementing church salaries for clergy? Will this become an option and an availability for churches?

Mr. Lenkowsky. Already under our current rules, staff members that were employed prior to receiving the Corporation grant and are working on the Corporation program can be compensated for the work they do only on the Corporation program, not on the religious activities.

Ms. McCollum. Well, sir, I'm asking you to qualify, if we - you're saying that this is nothing that you're going to be extending into the future then, that this portion of any salary is only something that's being in current practice and will not be extended and not part of a program to be extended to supplement clergy salary in the future?

Mr. Lenkowsky. As I said to Congressman Scott, we are making no proposals on that at the moment. We want to work, though, with Congress to make sure that we are providing whatever assistance is appropriate and constitutional to faith-based charities.

Ms. McCollum. Thank you. Thank you, Mr. Chair. And sir, if I could, I do not - if I seemed rude at all, I did not mean to be. I've learned to talk quick in five minutes, even though I'm from Minnesota.

Mr. Lenkowsky. I'm a professor, so for me, talking quick is very hard.

[Laughter.]

Mr. Lenkowsky. But may I just say that, with regard to the Citizens Corps, I'm sure the President's special assistant, John Bridgeland, would welcome an opportunity to come by and brief you. It is complex, it's fairly new, but I know he's been very eager to meet with members to brief them on exactly the points you raise.

Mr. Roemer. Mr. Chairman, if I may, I would just say that unless the Chairman wants to yield to one of the members on his side, I'm sure he'd give you a couple more minutes to finish.

[Laughter.]

Ms. McCollum. I have constituents coming.

Chairman Hoekstra. It happens when colleagues on your side of the aisle respect the leadership that they have and believe that they are in good hands.

Mr. Roemer. Either that, or are plotting against you right now.

Chairman Hoekstra. Or plotting against me, whatever that may be.

Ms. McCollum. And we're not trying to take advantage of you, Mr. Chair.

Chairman Hoekstra. No, I know it.

I wanted to point out to my colleagues on this side of the aisle, since my colleagues on this side of the aisle are not here today - and I think Tim will agree with this - that the administration is very, very open to sitting down on a personal, one-on-one basis, or with a group of members, to work through these issues, and that Tim and I have done it. We expect that we're going to continue doing it. We will do it with all of the members on the subcommittee. Again, we have a set of principles. We don't have legislative language that the administration has locked in stone. I think

that's going to provide an environment where we can get through this and get through it in a relatively quick way.

I think as we've gone through it and identified some of the issues that Tim and I thought that we might have had, we've found that, relatively quickly, we can get to some common ground between the administration and, between Tim and myself. We're hoping that we can do that with at least 218 of our colleagues in the House, but obviously we're looking for much broader support than that.

The Corporation has enjoyed that kind of support before. I would hope that would continue.

I don't have any questions.

Mr. Roemer. I have one.

Chairman Hoekstra. Yeah.

Mr. Roemer. Another question about a bill pending on the Senate side that includes military service. Senator McCain has a bill, I think, with Senator Bayh that includes 18 months of military service. What are your thoughts and what is your position on that?

Mr. Lenkowsky. Well, there are no provisions with respect to military service in the President's proposals. That's not really an area that we at the Corporation get into.

I understand from some comments of Senators that there are some concerns on the part of the Armed Services people about that provision, but it's also true that we find that the kind of disengagement that has occurred in the past with regard to the civilian service often occurs in the military as well.

The military works very hard to recruit people. They're successful, but they work hard at it.

I think the intent of that bill is to create additional incentives for people to join the military. That's certainly a worthy - also a good way to respond to the interest in people to serve.

Whether that's the particular provision that's best suited is not for me to say. It's certainly not something that's before you today.

Mr. Roemer. So I gather from your answer that you're not opposed to it? You have concerns about it, but you're not -.

Mr. Lenkowsky. Officially, I have no position on this at all. I'm a mere retired captain in the U.S. Army and I don't take positions on things like that.

Mr. Roemer. I'm going to let you get away with that answer today, but I don't have any further questions.

Chairman Hoekstra. He's very willing to take direction from you on -.

Mr. Roemer. I understood that from his previous answer.

Chairman Hoekstra. Yes, from his previous answers.

Mr. Roemer. I got that part. That was the part I liked.

Chairman Hoekstra. All right. Yes, Bobby?

Mr. Scott. Mr. Chairman, I'd like to ask a couple of fairly quick questions.

The educational benefit is taxable income in the year. Has anybody complained about that?

Mr. Lenkowsky. Everybody's complained about it. This is probably the most common complaint I hear from -.

Mr. Scott. Do you have a number that you could give us as to what it would cost to fix that?

Mr. Lenkowsky. I think the high side would be about $4 million, because most of the people -.

Mr. Scott. Nationally?

Mr. Lenkowsky. Nationally. Most of the people - this would be in tax revenue foregone. Most of the people using it, of course, are students, or recent students. They're not really up there in the high-income levels.

Mr. Scott. Scholarships are not taxable, are they, generally?

Mr. Lenkowsky. I think it's a complicated issue. I think some are, some aren't. There's also a concern at the Treasury about the interaction with things like the Hope tax credit.

We've worked it out and have some material we could also share with you that would give you a deeper understanding of this. But it certainly seems to me at the end of the day, when a young person, especially, one who has spent two years serving his or her country, gets this award - which, by the way, they don't even see, it goes directly to their school - and then they have to pay tax on it, usually in a lump sum in the year they claim it, that's pretty unfair.

Mr. Scott. Are the military scholarships after the VA benefits -.

Mr. Lenkowsky. The GI bill, Montgomery bill.

Mr. Scott. - are they taxable?

Mr. Lenkowsky. I'd need to check on that. I'm not sure. I think that they are probably not taxable, but I'd want to check on that.

Mr. Scott. And do you have any problems placing volunteers? I mean, is there a list of people placements? You're not constrained by - you're only constrained by budget, not by placing, there are plenty of placements?

Mr. Lenkowsky. We have a huge demand. As I suggested earlier, applications have doubled. Teach for America reports several times more applicants than they can handle.

Our camp-based program, NCCC, gets three-and-a-half applicants for every one we take. We've got lots of folks coming in and we've got lots of organizations that want to use AmeriCorps members.

Mr. Scott. Mr. Chairman, he can't answer the next two questions I have within the time frame we've got, but I would want to meet with you to comment on how we make sure that the funds are going to the areas in most need, and how we can use this to interact with welfare reform.

Mr. Lenkowsky. Can I just make one quick comment on that, Congressman, because I was interested in that myself?

We've done a survey in 1999, of AmeriCorps members. It turns out one out of five of them reported that their parents had used Food Stamps. As you know, the national average for Food Stamps is a little bit lower than that.

AmeriCorps members reflect America in every demographic and income category you'd like to see with some of the best programs. I like to say that when I travel, I go to the worst parts of every community and see some of the best people.

We are there on the ground. We're going to do more to do that, and I'll be glad to talk to you about it.

Chairman Hoekstra. My notes, Bobby, say that in 1998, the committee conformed the treatment of AmeriCorps awards to how veteran benefits are treated.

Now, that specifically was to expected family contribution for financial aid assistance. We're not sure whether that means the tax treatment, as well, but that is something that we want to take a look at.

Mr. Lenkowsky. Our understanding is that it does not include the tax treatment.

Chairman Hoekstra. Okay. We also talked about when people come back from the Peace Corps, they get a readjustment allowance, and that is treated as taxable income. So if we change that here for AmeriCorps, we may want to do the same thing with the Peace Corps, which is something that I would be supportive of.

Mr. Roemer. Four million dollars is not a lot of money to fix the problem. It's the biggest complaint.

Mr. Lenkowsky. Well, it's a fairness issue, it seems to me, as well.

Chairman Hoekstra. Well, hey, that's good news. Is that right? We may be able to get that done. Mr. Scott believes that. Ways and Means doesn't believe that. They don't count anything under $50 million.

[Laughter.]

Chairman Hoekstra. So I guess when you're on Ways and Means you can do that.

All right. If there are no additional questions, Les, thank you very much. We very much look forward to working with you over the coming weeks and months in getting this done.

I think, as you have indicated in the discussions, kind of one of the hurdles to getting to the increased funding is that we get the reforms passed - that these really go in tandem, the reforms as well as the increased funding.

Mr. Lenkowsky. That's right.

Chairman Hoekstra. Thank you very much.

Mr. Lenkowsky. Thank you very much for the opportunity to testify.

Chairman Hoekstra. For purposes of introducing our second panel, I'd like to yield to my colleague, Mr. Roemer, to introduce our witness.

Mr. Roemer. Thank you, Mr. Chairman.

Mr. Khazei is the co-founder and Chief Executive Officer of City Year, an organization that I think you're going to find out all kinds of exciting things about today.

It's an organization that works with primarily 17-to-24-year-olds in inner city areas, sending them to schools to work on leadership issues, youth development issues, education issues, all kinds of wonderful things that help our young people.

As I mentioned before, Mr. Khazei and I met a couple of years ago. He and his wife came into my office to talk about not only AmeriCorps and the great things that City Year and AmeriCorps are doing together, but also trying to work on some new ideas for encouraging, even before September 11th, showing your vision on this, ways to fund and to encourage the development of socially active organizations out there that encourage young people to get involved and create entrepreneurial social organizations.

So it's great to have you here, Alan.

You've served on many boards, as well as running City Year, and one of those boards is the Commission on National and Community Service, which you're very qualified here to testify about.

You hold your law degree from Harvard Law School.

As I mentioned, you and your wife are very involved in these issues and are expecting your first child coming up in the next few months, and I can only shudder to think what the expectations are for this child to get involved in the community and volunteer.

So, welcome. We look forward to your testimony. Your testimony will be entered into the record, so feel free to talk freely and give us anecdotal evidence as to how this program works and what this new expansion means for your program. Welcome.

STATEMENT OF ALAN KHAZEI, CHIEF EXECUTIVE OFFICER, CITY YEAR, INC., BOSTON, MASSACHUSETTS

Mr. Khazei. Thank you very much, Mr. Chairman, Congressman Roemer, and members of the committee. Thank you for inviting me to appear before you today. I'm honored to be here.

On behalf of the 6,000 young people who have dedicated a year of their life to service and have graduated from City Year, my own AmeriCorps program, and the more than 600,000 children they have served, thank you for your leadership on national and community service and helping to make that possible.

This is a historic moment for our country, as both the chairman and Congressman Roemer mentioned in their remarks, our democracy and the national service movement, and it is a moment to seize.

When historians look back on our time, they will undoubtedly say that the 21st century began on September 11, 2001.

As the noted social scientist Robert Putnam has recognized, ``In the aftermath of September's tragedy, a window of opportunity has opened for a civic renewal that occurs only once or twice a century." Members of the committee have already remarked upon that.

President Bush is leading the national challenge to seize this window of opportunity and to redefine the meaning of American citizenship in the 21st century.

From the moment he took the oath of office, he said we needed to be, ``citizens, not spectators." Then, in his recent State of the Union address, President Bush outlined a bold plan for national service, uniting the past good work of former presidents and this Congress in a new vision for civic renewal when he called on, ``every American to commit at least two years," or 4,000

hours, to service.

This is a wonderful, measurable goal that, if met, will truly transform America for the better.

As CEO and co-founder of City Year, and just one of the many social entrepreneurs involved in AmeriCorps, I am honored to provide testimony that supports the reauthorization and expansion of America's national service programs.

I want to thank the members of this committee for your thoughtful approach to the national service issue over the years. In that spirit, I'd like to suggest that, as Congress considers President Bush's exciting charge to grow national service, that you consider three questions:

First, are we taking actions that will get us closer to realizing President Bush's powerful vision of really enabling every American to serve for two years?

Second, are we building on what already works and leveraging the unique contributions that national multi-site AmeriCorps programs can make toward developing national service infrastructure?

Third, are we developing a comprehensive system for national service?

Specifically, are we creating a system that provides service opportunities for kindergarten, for children like Congressman Roemer's daughter, who on September 11th asked, how can I help, all the way through our retired years, that utilizes all sectors of American society, including the private, nonprofit, and government, and draws on marketplace principles of supply and demand, competition, incentives, and a variety of delivery vehicles, rewarding results, and leverage?

I prepared my testimony today with these three questions in mind. I have submitted a detailed written statement for your review and consideration. I'd just like to highlight five points, if I could.

First, I know from my work with City Year and others that national service does work. National service works to meet pressing needs.

Since City Year's founding, we have performed more than 8 million hours of service, including tutoring and mentoring over 600,000 children; renovating 2,500 green spaces, public parks; and building 56 playgrounds.

National service works to unite Americans from all backgrounds for the common good. City Year corps members are a microcosm of America - African American, Asian, Caucasian, and Latino, city and suburb, male and female, some working on their GEDs, others who have graduated from Ivy League colleges.

Ninety-one percent of City Year corps members report developing friendships with people from different ethnic and racial backgrounds during their service year.

National service works to develop new citizen leaders and social entrepreneurs. City Year graduates vote at twice the rate of their peers. Eighty-nine percent of City Year corps members are likely to volunteer regularly for a nonprofit or community organization after City Year, and 84 percent are likely to lead others in service.

National service also works through the National Service Trust to offer young people a chance to pursue the American Dream, just as the GI bill did.

My second point is that federal investment is a powerful catalyst and resource for developing a comprehensive system of national service.

We began City Year entirely with private funds in 1987, because at that time, there was no federal investment in national service. It took us five years, relying solely on private support, to grow to 100 corps members serving 5,000 children annually in Boston, with an annual budget of $2.5 million.

Then, because of federal investments, beginning with the administration of President H.W. Bush in 1992, and then followed on through with AmeriCorps, City Year has been able to grow, in the succeeding 10 years, to 1,000 corps members serving 100,000 children annually in 13 sites across the country, from Massachusetts to California, from Michigan to Texas, and now our budget is $30 million annually.

The most interesting thing is that federal investment hasn't crowded out the private investment. In fact, it's helped to grow it. We now raise $2 in private support for every dollar that we gratefully receive from the Federal Government through AmeriCorps and the Corporation for National Service.

My third point is that national nonprofits that operate multi-site programs are a strong and efficient delivery vehicle for national service.

In the decentralized network of AmeriCorps, of over 700 programs, national nonprofits have emerged to play an essential role in promoting innovation, quality, replication, efficiency, and sustainability.

These national nonprofits, like Habitat for Humanity, Teach for America, the Red Cross, Public Allies, Jump Start, Youthbuild, ACE from Notre Dame, and others, leverage resources on both the national and local levels, and share programmatic breakthroughs, financial resources, talented staff, and know-how.

In addition, national nonprofits support hundreds of small grassroots community-based and faith-based organizations and can build partnerships with national companies.

For example, Cisco Systems, Compaq Computer Corporation, MFS Investment Management, and the Timberland Company have each committed over $1 million to City Year because we operate across the country.

Fourth, Challenge Grants work. We're tremendously enthusiastic about President Bush's proposal to activate the Challenge Grants section of the National Service Act.

City Year has been built on Challenge Grants. When we first started our four-year program, we received a Challenge Grant of $100,000 from the Echoing Green Foundation to get started. We had to match it three to one. Within 60 days, we had raised $500,000 and City Year was born.

Fifth. Full-time national service leverages other volunteers and citizen leaders.

In order to realize the powerful vision of every American serving for two years, I believe that we will have to dramatically expand the opportunity for Americans to serve full-time for one year, and have those leaders leverage people who want to serve part-time.

Since its founding, City Year has engaged over 700,000 citizens in service and civic engagement events. Today, as we meet here at this hearing, City Year is partnering with 120 Timberland employees who today are dedicating their energy to renovating Project Phoenix in Orlando, Florida, a shelter for homeless children.

We've found that service is contagious. Since our work with Timberland began, they now offer 40 hours of paid time for every employee, as a standard benefit, to do community service. We hope that will become a new national standard for all companies.

In closing, I hope that, with your leadership, we will capitalize on this unique moment in American history to challenge each and every citizen to answer the call to serve and to build a system of national service that enables them to do so. If we do so, every generation could become a greatest generation, through service.

With your leadership this cause has the potential to become the personal mission of each and every one of us. Thank you for your leadership, your example, and your commitment to national service for all Americans.

I'll be happy to answer any questions.

WRITTEN STATEMENT OF ALAN KHAZEI, CHIEF EXECUTIVE OFFICER, CITY YEAR, INC., BOSTON, MASSACHUSETTS – SEE APPENDIX D

Chairman Hoekstra. Thank you, and thanks for the testimony, and thanks for all the work that City Year has done and the leadership that you've shown there.

I have a couple of questions.

The administration is talking about the principles, about working with grantees to establish performance measures, requiring corrective plans for grantees not meeting goals, and reducing or terminating grants if corrections are not made.

How do you feel about that kind of language?

Mr. Khazei. I haven't seen the specifics behind it, but I think it makes a lot of sense. I mean, right now, we establish performance goals and we have quarterly reports that we submit to the Corporation for National Service.

We review all of our projects. We have to update our progress, and I think that it's important that national service programs are accountable and are meeting the most pressing needs.

Chairman Hoekstra. Les and Tim are going to write the actual rules and regulations.

Mr. Khazei. If they do it together, I'm very confident it will turn out properly.

Chairman Hoekstra. All right. When you go through that - I mean, it's consistent with how you operate on a daily basis?

Mr. Khazei. Absolutely.

Chairman Hoekstra. And you're not worried about it creating a level of bureaucracy that you don't have today? It's part of the way you do business to get the results that you want today?

Mr. Khazei. That's right. Absolutely.

Chairman Hoekstra. The principles talked about, there are a couple of different funding streams now. There's the formula grant that goes to the states and then there's the competitive state grants.

The proposals talk about consolidating those into a total formula grant, and then still having the national separate.

How do you feel about that?

Mr. Khazei. I think that one of the really interesting things that both the Commission on National Service that President Bush set up and the Corporation for National Service that President Clinton set up is that they didn't have a monolithic approach and they used different resources.

I actually think that the system has worked well. Having some money based on formula so that every state can participate, but then having some resources based on competition - I think competition works. It's what's made America great.

That way is the best - small states can compete equally with big states, even though they may not have the population. If they're committed to developing a real strong national service

infrastructure in their state, then they aren't crowded out.

I think the national pool has also worked because what it's done is it has engaged some of our national, leading national nonprofits like the Red Cross, like Habitat, like the Ys, to be part of that system, as well.

I know for us, for example, we've now gotten funding in different pools, and because there's sort of a marketplace, some states approach us and say we'd like to have City Year. In fact, we started in Boston.

Every other place where we've gone, it's because people at the local level have found out about City Year and volunteered to be local board members and champions, and have said, ``We'd like to have your program in our state because it's one that works, and we've seen it work.” For example, the State of Rhode Island, which is a small state, approached us to bring City Year into their state and we were able to establish there because they applied for a competitive grant and were awarded that grant.

Right now, nine of our programs out of 13 are funded through competitive state grants, including our program in Detroit, Michigan.

I think it's a good system. I think there are probably things that could be done to streamline it, but I do believe in competition - especially because there are very limited resources. And as we build this infrastructure, I think it's important that they go to the programs, the states that are most committed to making it work.

Chairman Hoekstra. Great. Thanks, that's good to hear. With the folks that we have talked about, within the community of the organizations that have used the Corporation for National Service and have embraced the vision that, by and large, the principles as outlined are the things that you guys embrace. Is that correct?

Mr. Khazei. Oh, absolutely. I think the vision is incredibly powerful, every American serving for two years?

As both you and other members reflected, after September 11th, I think that is a vision that's possible. Our people are applying to us, and other programs, in record numbers.

I think the idea of leveraging resources, trying to encourage more private investment, is also important. We saw, after September 11th, $2 billion dollars generated through private philanthropy. I think that same spirit could now be used to encourage people to volunteer and keep rebuilding.

I think the idea of allowing AmeriCorps members to do capacity building and help small nonprofits with their recruitment and their support - I think these principles, on balance, are strong, and I also have a lot of confidence in the leadership from Congress to work to make sure that the details are worked out in a comprehensive and thoughtful way, given your history on this issue over the past 10 years.

Chairman Hoekstra. Thank you. Mr. Roemer.

Mr. Roemer. Thank you, Mr. Chairman.

Again, please take our congratulations and our pride back to your members and tell them we're very proud of the good job they're doing all across the country.

Mr. Khazei. Thank you.

Mr. Roemer. You said, Alan, in your written comments, that we should lift the cap on direct funding to nonprofits from 17 percent to restore the full 33 percent originally envisioned.

Explain to us why you need that national funding stream and why you can't just apply to the state commissions for that funding.

Mr. Khazei. Well, thank you, Congressman, for your comments and your question.

As I have said, I think it's important that there be a variety of options, and that in order to build an infrastructure we have to have a variety of opportunities.

We think that the cap is artificial. If there aren't quality programs that would apply for that, then they won't get funded.

Right now, there's a ceiling. What we'd like to say is, why have that artificial ceiling? If there are quality programs that are run by multi-site organizations or national nonprofits, why shouldn't they be allowed to compete?

We've seen that the nonprofit sector is the fastest-growing sector in our society, and it's one that can add real advantages.

The other thing that we've found is that often there are states that will approach us to come into a state, and yet the pool of funding for that state has already been maxed out, if you will, and they've said, you know, ``We'd like to have City Year, but we've already got a great group of programs in our state. We don't want to compete with those that already exist. We'd like to have you. Can you apply for the national funding and come in? Then once you're established, we can then try to put you forward in the state competition?"

That's actually happened. As I said, nine of our programs now are funded through the state competitions. But, most of those we originally started because we applied for a grant with the national pool. Then the states said, ``Well, let's pull you in," and we worked with the states' commissions to do that.

I also think that one of the things that the national nonprofits can do is provide an infrastructure and comprehensive economies of scale. All the back-office work can be shared and training can be shared.

What we're finding is that some of these national AmeriCorps, which are really multi-site programs, like us, like Teach for America, like Jump Start, like Public Allies, are helping to provide leadership for the movement as a whole.

A number of our graduates have gone on to work and make a career in national service. We have an annual convention in which we bring together all of our members and invite other programs to participate.

I think I sort of believe in competition and the programs that really work will get funded. If that cap were lifted, if there weren't quality programs, well, then, the money shouldn't be given out. But right now, even if there are quality programs, the Corporation is limited to say, “Well, we can't, there aren't enough resources there.”

Mr. Roemer. So lift the cap and don't eliminate the states-based national competitive stream of funding then, those are your recommendations?

Mr. Khazei. I sort of feel like that system is largely working now, and, you know, “If it ain't broke, don't fix it.” Although, I think there are other proposals that have been made that make a lot of sense that both members of the committee have inquired about and also that the administration has put forward.

Mr. Roemer. Is there a particular part of the principles that you really are excited about, or don't like at all?

Mr. Khazei. I'm extremely excited about the goal. I think that everybody serving for two years and trying to build a system that encourages that - I think that's a wonderful, tangible, measurable goal that allows us to see how we are doing.

I'm very excited about using the Challenge Grants. As I mentioned, I think there is a lot of private philanthropy that will respond.

What we've seen, very honestly, when the Federal Government started first investing in national service in the first Bush administration, some people on our board said, ``Well, we're all privately funded. If we apply for that money, will our private funders dry up?"

What we've actually found is that the federal money has allowed us to go to private funders and say we can leverage your dollars. I think the Challenge Grants provision, if that were funded, would release a lot of private philanthropy, because philanthropists like to see their dollars leveraged. I'm very excited about that.

I'm excited about the opportunity to have AmeriCorps members be treated as VISTA members are now, to be able to do capacity building.

We've had 900 not-for-profit partners across the country over the past 10, 12 years. We'd like our partners to be able to do that kind of capacity building, by helping them with their own

recruiting and their fundraising and their outreach.

I think that's a wonderful idea in the principles, as well.

The other thing I should say, speaking for my members, we would love the idea of having the education award tax-free and appreciate what the Ways and Means Committee could do.

These young people serve hard. They get paid a stipend. When they find out it's taxable - they feel like they want to go to college - and that would be a wonderful reform.

Mr. Roemer. Great. Thanks again, Alan. Good to see you.

Mr. Khazei. Thank you.

Chairman Hoekstra. By agreement, I think in respect to your time, Mr. Khazei. Mr. Scott, you are recognized. We're going to have a whole series of votes. Mr. Scott will finish with the questioning, and then we will adjourn.

Mr. Khazei. Thank you.

Chairman Hoekstra. Mr. Scott.

Mr. Scott. Thank you, Mr. Chairman. Mr. Khazei, you're familiar with Section 175 that prohibits discrimination in the program. Do you have a problem with that provision?

Mr. Khazei. Not at all.

Mr. Scott. Should government pay for volunteers to participate in proselytization or religious instruction at churches on government time?

Mr. Khazei. My own personal opinion, and I just have to speak as a citizen, is that I believe in the First Amendment. I don't believe that the government should be involved in religious, direct religious activities.

I do think that there are a lot of charitable faith-based organizations. We work with a lot of churches and synagogues and mosques as partners in terms of after-school programs and youth development programs. I think they are a powerful force in our society, but I don't think the government should be providing resources for people to try to convert someone from one religion to another religion.

Mr. Scott. One of the proposals is this idea that you give the individual the money and they'll go find somewhere. Is there an advantage to pre-qualifying the programs so they can select off a list, rather than trying to make up their own?

Mr. Khazei. I think so. I think you asked that before and that makes a lot of sense because I think there has to be some standards and accountability. Otherwise, we're not sure what people are

actually doing.

Mr. Scott. In your testimony, you said something about going to scale, that there are a number of organizations, Habitat for Humanity, that have more resources, and you could get the best bang for the buck because they're already structured, they don't have to waste time doing bylaws and all that kind of stuff.

Can you give us some idea of the kinds of things we ought to be looking at in terms of funding levels?

Mr. Khazei. Well, I fully support the administration's request to increase the program by 50 percent. I'd love to see it go beyond that.

We have 25 million Americans between 18 and 25 years of age, 25 million young people. I think many of them are ready to answer the call right now. Fifty thousand have a chance to do national service through AmeriCorps and I think there's a lot of room for growth there.

If we could get to even 250,000 - which would only be 1 percent of the eligible pool - I think that could transform the country.

I fully support increased appropriations and also continuing to require private sector contributions so that the federal money is leveraged.

Mr. Scott. Thank you, Mr. Chairman.

Chairman Hoekstra. Thank you, Mr. Scott.

Mr. Khazei, Thank you very much for being here.

With that, the subcommittee will be adjourned.

[Whereupon, at 11:38 a.m., the subcommittee was adjourned.]

APPENDIX A - WRITTEN OPENING STATEMENT OF CHAIRMAN PETER HOEKSTRA, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC

Hearing of the Subcommittee on Select Education
Committee on Education and the Workforce
House of Representatives
"The Corporation for National and Community Service"
Opening Statement of Chairman Pete Hoekstra (R-MI)
April 11, 2002

Good morning. I would like to welcome everybody to our hearing on the Corporation for National and Community Service.

In his State of the Union address on January 29, 2002, President Bush called on all Americans to serve their country for the equivalent of two years and announced the creation of USA Freedom Corps. USA Freedom Corps is a comprehensive, integrated citizen service initiative that reforms and strengthens AmeriCorps, Senior Corps, and the Peace Corps, and establishes a new Citizen Corps for homeland defense.

On Tuesday, President Bush unveiled his "Principles and Reforms for a Citizen Service Act" to guide the reauthorization of the Corporation for National and Community Service and its programs, which include AmeriCorps, Senior Corps, and Learn and Serve America. The proposed 5-year extension would be the first since the Corporation's creation in 1993.

The purpose of this hearing is to learn about and discuss the details of the Administration's principles for reforming and strengthening the Corporation for National and Community Service.

The major federally funded community service and volunteer programs in this country are authorized under two statutes: the National and Community Service Act and the Domestic Volunteer Service Act. In general, the programs authorized by these statutes are administered by the Corporation for National and Community Service, an independent federal agency. Although authorizations for these programs expired at the end of fiscal year 1996, they continue to be funded through appropriations legislation.

The Administration is working to update the law and has made a commitment to work closely with the Congress to reform and enhance the service programs under the Corporation. The Administration has focused on four major objectives for reauthorization. Specifically, the President's principles would:

- Support and encourage greater engagement of citizens in volunteering;
- Make federal funds more responsive to State and local needs;
- Make federal support more accountable and effective; and
- Provide greater assistance to secular and faith-based community organizations.

The issues outlined in the President's plan for reauthorization are common-sense improvements. I support the Administration's focus on accountability. In general, all government-funded programs must be effective and held accountable. The President believes that Corporation programs should have measurable objectives, that corrective plans should be developed if programs fail to meet those objectives, and that grantees could forfeit federal support if corrections are not made. Making accountability provisions a statutory requirement will help to ensure that grantees know exactly what is expected of them and ultimately it will help us get a high quality return for each federal dollar we invest.

I support the President's request to provide greater assistance to community and faith-based organizations. As the President mentioned on Tuesday, he hopes that "this will be a time in American history when those of us in Washington, DC...recognize that oftentimes the most hopeful and promising programs of help come from places of worship."

I look forward to working with the Administration to broaden the scope of the education award so that it can be used for such things as purchasing a home, training, and educational opportunities for our nation's students.

I would also like to recognize the progress made in correcting financial management deficiencies that have historically plagued the Corporation. The past two financial audits have been clean and demonstrate the culture of accountability and reform that has developed at the Corporation.

In light of the many issues and programs associated with the Corporation, and the fact that it has not been authorized since fiscal year 1996, this Subcommittee has a lot of work to do, but I am confident that we can rise to the occasion. And, we must get to work right away. Before we consider the funding increases the President has proposed, I believe reforms must be implemented.

The spirit of community service in our country is stronger than ever because of the tragedy our nation has endured. The principles outlined by President Bush seek to build on this spirit and will help to sustain it in the future.

I would like to thank Dr. Lenkowsky and Mr. Khazei for their appearance before the Subcommittee this morning, and I look forward to working with the President and the Administration in moving legislation through Congress that incorporates his principles for reauthorizing the Corporation for National and Community Service.

At this time I would yield to my colleague from Indiana, Mr. Roemer, for an opening statement.

APPENDIX B - WRITTEN OPENING STATEMENT OF RANKING MINORITY MEMBER, TIM ROEMER, SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, DC

Congressman Tim Roemer, Ranking Member
Subcommittee on Select Education
Hearing on the Corporation for National and Community Service
Opening Statement
April 11, 2002

Mr. Chairman thank you for holding this hearing today on the Corporation for National and Community Service.

Community Service is vital to our nation and I have been a longtime supporter of the Corporation for National and Community Service. I was glad to hear President Bush during the State of the Union address call on all Americans to devote the equivalent of at least two years of their lives to service and volunteerism.

Since the tragic events of September 11th, Americans from across the country have had a renewed need to give back to their country and to the communities that they live in. Whether it be Seniors tutoring children in a local elementary school or a recent college graduate helping to build houses, National Service provides a wide array of Americans with the opportunity to give back to the community.

There are many successful programs like ACE at the University of Notre Dame. Volunteers spend two summers in South Bend tutoring underprivileged students in some of South Bend's neediest schools. They then make at least a two year commitment to teach in under-resourced Catholic schools across the south. This corps of highly motivated young educators give back to some of the most underserved areas of our country.

Another example is Youth Build that engages educationally at risk youth in a combination of service and youth development activities. The service activities

focus primarily on renovating houses and buildings for the homeless and low income families. Members serve directly with community based organizations to rehabilitate abandoned housing and build new homes for homeless people, persons with HIV/AIDS, the physically challenges, and low income families. They build awareness of community issues and generate volunteers for local service projects.

Another great example of a program that is working well is City Year. We will hear more about what it has accomplished from it's CEO and founder Alan Khazei a little later on. These and many other programs are providing great opportunities to give something back to the community and they should have the opportunity to expand so that they can serve more areas.

However there are some programs that are not working well. We need to ensure that we include accountability provisions that will ensure that these scarce dollars are being used well for programs that are doing what they are intended to do.

I look forward to expanding AmeriCorps, SeniorCorps, VISTA, and other volunteer opportunities so that more people have the opportunity to give back to their community.

Mr. Chairman, I look forward to working with you on the reauthorization of the Corporation for National and Community Service, and I look forward to hearing from Mr. Lenkowsky and Mr. Khazei.

APPENDIX C - WRITTEN STATEMENT OF LESLIE LENKOWSKY, CHIEF EXECUTIVE OFFICER, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE, WASHINGTON, D.C.

National and Community Service Legislation:
National and Community Service Act of 1990 and the
Domestic Volunteer Service Act of 1973

Testimony by Leslie Lenkowsky
Chief Executive Officer
Corporation for National and Community Service

Before the House Education and the Workforce Committee
Select Education Subcommittee

April 11, 2002

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to discuss the views of the Administration concerning the reauthorization of national and community service legislation – the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973.

This is my first public opportunity to appear before you, Mr. Chairman, and the other Members of the Committee, since the Senate confirmed my nomination by President Bush to be the Chief Executive Officer of the Corporation for National and Community Service. Prior to that, I served three consecutive appointments to the Corporation's Board of Directors and to the Board of its predecessor organization. I want to thank the Congress for these opportunities.

Most importantly, this is an extraordinary moment in the history of our country and the Agency I head. Since the terrible events of September 11th, we have seen expressions of patriotism in the United States unlike any that I can remember in my lifetime. At a tragically high price, all of us have again come to realize how precious our freedoms are and why it is important for all of us to accept the responsibilities of citizenship in order to preserve them.

To make this a lasting change in our civic consciousness, President Bush has called on all Americans to give at least two years of their lives in service to their country. As the President has said, we can build a stronger nation and fight terrorism by making a commitment to service in our own communities, whether that be tutoring a child, volunteering at a hospital, or participating in a neighborhood crime watch.

Most of our nation's civic work is being done without the aid of the Federal Government. That is as it should be, since the Federal Government is not the source of this civic spirit. At the same time, the Federal Government can do a better job in helping to support and encourage it where it can.

Therefore, through an Executive Order, the President established the USA Freedom Corps, which will build on existing Federal programs that engage citizens in service, as well as create new opportunities related to homeland security and meeting other critical needs.

The USA Freedom Corps initially will have three major components, which will be administered separately but coordinated through a White House council. It includes an improved and enhanced set of programs supported through the Corporation for National and Community Service, which is the direct concern of this committee. Specifically, the Administration has proposed providing additional community-based service opportunities and leveraging thousands of additional volunteers by adding 25,000 new AmeriCorps members and 100,000 new volunteers in senior service, and by removing current barriers to service. AmeriCorps and Senior Corps participants who assist nonprofit organizations and public agencies in the areas of public safety, public

health, and disaster relief and preparedness will work closely with Citizen Corps, through the coordinating efforts of the USA Freedom Corps Council.

The Corporation's programs – AmeriCorps, Senior Corps, and Learn and Serve America – will support the President's call to service by helping to provide full-time and part-time opportunities for Americans to serve at all stages of their lives, from when they are elementary-school students through their retirement years. We will also work closely with our nation's many worthwhile charities, not only in helping them accomplish their missions, including providing security for our homeland, but also in helping them recruit and manage additional volunteers.

As part of the announcement of the USA Freedom Corps, the Administration indicated its intent to work closely with the Congress on a bill that will reform and extend the Corporation's programs and authorities. The Administration's reforms are outlined in the document entitled "Principles and Reforms for a Citizen Service Act," released on April 9th (see attachment to this testimony).

For the Corporation to play the role envisioned by the President under the USA Freedom Corps, we need to make AmeriCorps, Senior Corps, and Learn and Serve America more responsive to state and local needs, more accountable for results, more adept at leveraging private resources, and more effective in assisting hard-pressed charities, including faith-based and community organizations. I'd like to describe these three programs briefly and explain why we are proposing reforms.

AmeriCorps

AmeriCorps engages 50,000 Americans in intensive, results-oriented service each year. AmeriCorps members mobilize, manage, and train volunteers to assist nonprofit groups and public agencies across the country. The members, and the volunteers they help organize, teach children to read, make neighborhoods safer, and help build affordable homes for low-income families, among many other activities. When a new class of members enrolls this fall, more than 250,000 Americans 18 and older will have participated in AmeriCorps since it was created in 1993 through amendments to the National and Community Service Act of 1990.

There are three main components to AmeriCorps: 1) AmeriCorps*State and National, which provides grants to states and national charitable organizations to support members in local charities and nonprofit groups across the country; 2) AmeriCorps-*VISTA (Volunteers in Service to America), which focuses on helping poor people overcome poverty and assisting community and faith-based organizations in meeting the needs of low-income neighborhoods; and 3) AmeriCorps*NCCC (National Civilian Community Corps), a ten-month, full-time residential service program for men and women that combines the best practices of civilian service with the best aspects of military service, including leadership and team building.

The President proposes to increase the annual level of 50,000 AmeriCorps members to 75,000 in 2003. The new AmeriCorps participants will generate at least 75,000 additional volunteers to work with the nation's nonprofits.

As the Congress contemplates this proposed increase, I think it is important to explain how AmeriCorps functions, and how it can be improved.

First, most AmeriCorps members serve with nonprofit and community organizations like Habitat for Humanity, Teach for America, the American Red Cross, Boys and Girls Clubs, neighborhood watch organizations, community action agencies, local faith-based organizations, and many others. In the majority of cases, these organizations, not the Federal Government, select and manage the members who serve with them. The members assist those organizations in meeting community needs.

Second, AmeriCorps is decentralized – that is, it gives a significant amount of power and control to states and local authorities. State commissions on national and community service, led by citizen volunteers appointed by Governors, select or nominate most of the projects in which AmeriCorps members serve, based on their assessment of local needs.

Third, AmeriCorps has both full-time and part-time members. Slightly more than half of the individuals in these programs serve full time and receive a modest living allowance in order to be able to serve. The other half serve part time and generally do not receive any living allowance from Corporation resources. Upon successful completion of service; both types of AmeriCorps members receive an education award, available for seven years, to help finance college or pay back student loans. At the end of this year, the first AmeriCorps class will have used about 72 percent of the education award amounts that were earned.

Fourth, the Federal government, states, local communities, and the private sector share funding for AmeriCorps members. There are various statutory provisions that mandate such cost sharing.

Since it was created in 1993, AmeriCorps has compiled an impressive list of accomplishments. Members have helped recruit and supervise additional volunteers for nonprofit organizations; they have tutored and mentored disadvantaged children; they have established or expanded neighborhood safety programs; and they have helped communities rebuild after dozens of natural disasters and emergencies – including the September 11th terrorist attacks – in more than 30 states. Although evaluation studies are not always of the highest quality, project reports have consistently shown that AmeriCorps members are meeting community needs in education, health and human services, public safety, and the environment.

At the same time, the program has had its share of challenges and problems over the last several years. Many in Congress, and the Members of this Committee in

particular, have documented those challenges and problems and rightfully told us to do better. Members of Congress have identified the need to refocus the program and create greater efficiency and accountability. As a result, AmeriCorps has tightened its management, reduced its per-member costs from early-year highs, adopted tough rules on political activity, and cut off grantees that violated them. We intend to continue strengthening our management and personnel systems, change some of the ways our programs operate, and take additional steps to insure that each government dollar is used more effectively. For example, upon becoming the Chief Executive Officer, I established a new Department of Research and Policy Development, which reports directly to the Chief Executive Officer, specifically for the purpose of strengthening accountability.

But many of the changes we envision to make our programs more efficient, effective, and responsive to local needs cannot take place without legislative authority. I would like to bring forward some ideas for reform identified by the Administration, Members of Congress, the national and community service field, Corporation board members, service members, and professional staff.

States, communities, and nonprofit organizations need greater flexibility. For example, community and faith-based organizations have told us that the rules and requirements for receiving a grant often are too complex and costly. States have told us that we can do even more to devolve decision making, particularly on grant selection, to the state level.

Nonprofit groups often find our program confusing because rules are not consistent across different types of AmeriCorps programs. For example, members of one program cannot seek part-time employment or schooling during their term of service, while members of another AmeriCorps program can. Moreover, most (but not all) AmeriCorps programs prohibit members from developing resources, performing routine administrative tasks, and engaging in other activities that help nonprofit organizations increase their capacity to carry out their service mission. Unfortunately, that is precisely the kind of help that small grassroots charities are interested in receiving, and we need to support them while continuing strong prohibitions on the use of support for any political activities.

Legislative reforms can also help with accountability. Early in the Corporation's history, the agency was not aggressive enough about holding grantees accountable for achieving results. Failure to meet goals did not have immediate and direct consequences. To be effective, the organizations with which we work must understand that failure to meet performance goals will have consequences. Although there is much that can be done administratively in this area, the statute can make this expectation permanent and more forceful.

Currently, some of our programs are recruiting many additional volunteers for each government dollar spent; others are not. Our explicit goal should be to produce more volunteers for each government dollar spent. We should limit what the Federal Government can spend on average per member, put into practice more low-cost

approaches to using members, and encourage more private support. When evaluating what we fund, we should recognize that a fundamental strength of AmeriCorps is to help mobilize and manage volunteers for our nation's charities.

Sustainability is another goal that we should make more explicit. Currently, most AmeriCorps members (though not VISTA's) are restricted by statute from mobilizing resources and building the service capacity of the organizations with which they serve. We should set resource mobilization as a fundamental purpose of AmeriCorps and increase the types of support that AmeriCorps members can provide.

We should also implement new ways to support and expand programs that are effective. One such way is a "challenge grant," which would provide Corporation funds to organizations that raise new private money. The challenge grants would be used specifically to expand service and volunteering. For example, a successful program such as Teach for America, which recruits and trains recent college graduates to work as teachers in underserved communities, could increase its private support, in part by demonstrating to donors how private contributions would be "matched" by government funds. Such approaches would increase the flow of private dollars to such organizations and allow them to become sustainable with non-Federal resources.

Another effective program model that should be expanded is AmeriCorps*NCCC, which is able to dispatch teams of members on short notice to help deal with natural disasters and other emergencies. For example, NCCC teams from across the country were dispatched to Pier 94 in New York after the September 11th attack to provide assistance to victims' families through the Red Cross, and several teams helped operate an overflow homeless shelter in Salt Lake City during the recent Olympic Games. We should use this as a model for other programs – including those operated by public agencies and nonprofits -- that support public safety, public health, and emergency response efforts.

We also need to reform some of the benefits we offer. Many AmeriCorps members have been disappointed because they have found the education award to be less valuable than they had believed it to be. Currently, the awards are taxable. Although many AmeriCorps members are eligible for education tax credits and deductions that fully offset any tax liability, not all members qualify. We look forward to working with Congress to exempt the award from taxation and to provide greater flexibility in its use.

Finally, the Corporation's Board and I want more opportunity to test new approaches in AmeriCorps. Currently, members can serve only in organizations that have a grant from or an agreement with the Federal Government. We should explore new relationships with nonprofit organizations that will provide greater flexibility for individuals to do their service at the organizations of their choice.

Senior Corps

The Corporation for National and Community Service administers Senior Corps, which provides opportunities for more than 500,000 older Americans to serve in their communities. Senior Corps consists of three major programs: the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program (FGP), and the Senior Companion Program (SCP).

President Bush spoke about expanding senior-service programs during the Presidential campaign in 2000, and he put forth several new ideas that would attract more seniors to service. In the 2003 budget, the President is proposing to expand this effort by supporting an additional 100,000 seniors in service.

RSVP, by far the largest Senior Corps program, matches older Americans who are willing to help meet local needs with opportunities to serve in their communities. RSVP volunteers choose how and where they want to serve, and they determine how many hours a week they serve. RSVP volunteers provide a wide range of important services such as tutoring youth, responding to natural disasters, serving as citizen patrols for local police departments, teaching parenting skills to teen parents, getting children immunized, and mentoring troubled youth.

Foster Grandparents provide valuable aid to children and youth with exceptional needs. Foster Grandparents serve in schools, hospitals, drug treatment centers, correctional institutions, and Head Start and day care centers. Foster Grandparents help abused and neglected children, mentor troubled teenagers and young mothers, and care for premature infants and children with physical disabilities.

Senior Companions provide assistance to frail, homebound individuals, most of them elderly. These clients have difficulties with daily living tasks, and Senior Companions help them retain their dignity and independence.

These programs date back to the 1960s and were created as much to provide support for, and supplement the incomes of, the elderly as they were to foster continued civic engagement. In fact, participants in the Foster Grandparent and Senior Companion programs have to pass a "means test" to participate. They also have to be 60 years old, instead of the age eligibility of 55 required for RSVP. As a result, many people who want to serve are disqualified either because their incomes are too high or because they are too young – and many clients who need such services are denied them.

For example, approximately 60 percent of program directors in the Foster Grandparent and Senior Companion programs say they are having problems recruiting participants. About 70 percent of both Foster Grandparent and Senior Companion grantees reported turning away people because their incomes were too high. At the same time, 95 percent of Senior Companion projects reported having client waiting lists, and 67 percent said those lists have increased over the past year. For children in need of a

Foster Grandparent, and for frail, elderly, people in need of a companion to buy groceries or take care of other necessities, our programs' inability to fill slots is a very serious matter.

As we look to the future – and to a rapidly expanding population of seniors interested in helping to meet community needs – we need to update and modernize our programs. We need to create new roles, opportunities, and institutions that are more flexible than they have been in the past. We need to provide additional incentives for seniors to serve, such as allowing them to earn scholarship awards that can be transferred to their grandchildren or other designated individuals. These efforts should build on the best of the Corporation's experience with our programs and incorporate emerging knowledge about the preferences, education, and capacities of the coming wave of retirees.

We also must have greater accountability in our system of support for senior projects, and a greater focus on achieving measurable results. Since 1996, we have implemented what's known as "programming for impact," through which senior volunteer projects demonstrate how they deliver benefits to the communities they serve and help address high-priority local needs. Traditionally, senior volunteerism had been more concerned with the benefits realized by the seniors themselves. As we move ahead, we need to ensure that grantees meet specific program objectives and accountability standards.

The Administration's reforms will strengthen the senior service programs administered by the Federal Government. They will also ensure that older Americans will have expanded opportunities to serve in their communities, including supporting the efforts of public organizations charged with public safety, health, and emergency preparedness.

Learn and Serve America

Learn and Serve America provides grants to schools, colleges, and community groups to link academic studies to community service. Through such programs across the country supported by Learn and Serve America, more than 1.5 million students in kindergarten through college gain a deeper insight into their studies, develop problem-solving and other skills, and learn the habits of good citizenship while also helping to improve their communities.

Service-learning and community service tied to education have experienced rapid growth over the past decade. A 1999 U.S. Department of Education study found that 32 percent of all public schools included service-learning as part of their curriculum, including nearly half of all high schools, and that 57 percent of all public schools organized community service activities for their students. This growth is significant when compared to a similar study conducted in 1984 that found that only 9 percent of all high

schools offered service-learning, and that only 27 percent of all high schools offered some type of community service.

These programs are critically important if we are to instill the ethic of a lifetime of service and civic involvement in a rising generation of Americans. And schools at all levels should seize on the President's call to service to look for ways to integrate service and education.

But as we look to reauthorize Federal programs that support service and service-learning at our nation's schools and colleges, we believe we need to reexamine the purpose of Federal support at the elementary and secondary education level. We must make sure that funds are spent to improve the quality of these programs through teacher development and other means. We must make sure that the programs allow for the practice of civic skills and lead to the development of active, responsible citizens.

As with the recent changes to the Elementary and Secondary Education Act of 1965 that were made by the No Child Left Behind Act of 2001, we must add more accountability to the system of support for service-learning. Grantees should have specific program objectives and accountability requirements. The Corporation should have authority to: 1) establish performance measures for each grantee; 2) require corrective plans for those not meeting goals; and 3) reduce or terminate grants if corrections are not made.

At the higher education level, we propose to increase the service goals for the Federal Work-Study Program – a popular form of financial aid initiated in the 1960s that currently reaches nearly a million students a year. Among the program's statutory purposes is "to encourage students receiving Federal student financial aid to participate in community service activities that will benefit the nation and engender in the students a sense of social responsibility and commitment to the community."

Over the years, a significant amount of work-study has been devoted to such on-campus tasks as staffing academic departments, processing admissions applications, and filing away library books. According to a 2000 study, about 40% of FWS students were employed as clerks or office workers. This same study notes that 3/4 of FWS students selected their own jobs but it was unclear that they were offered options to do community service. Indeed, the national average of such funds devoted to community-serving activities is about 14%. To be sure, the work-study percentage devoted to community service is not necessarily reflective of a school's total commitment to service. For example, at the University of Notre Dame, 75 to 80 percent of students get involved in community service at some point during their undergraduate years, while the university's community service commitment under work-study is very small. But a pattern of minimal commitment to community service programs under work-study by some of the nation's best schools appears evident.

It is not just colleges and universities, however, that are lagging. A poll of this year's freshmen at four-year colleges who participate in a study conducted by the

American Council on Education and the University of California at Los Angeles Higher Education Research Institute, found that more than 50 percent said they spent less than 1 hour a week doing volunteer work during their final year of high school – and that an additional 24 percent volunteered only 1 to 2 hours a week. That figure is troubling because, while related to educational attainment, service and citizenship patterns are established at a young age and persist throughout a person's lifetime.

Perhaps that explains why, despite the amount of time and relative freedom students have, rates of volunteering among undergraduates are less than those of the population as a whole. According to the National Post-Secondary Student Aid Survey, in the 1999-2000 academic year 34.6 percent of all undergraduates participated in voluntary community service the previous year. That is fully 10 percentage points less than the national average as measured by the Independent Sector. Even taking into account the non-traditional student, with greater responsibility for family and work, the number of hours volunteered by the traditional undergraduate at four-year institutions is less than the average reported by the Independent Sector. Although college graduates are more likely than those who do not attend college to volunteer as adults, increasing student volunteering would likely produce even higher rates of adult volunteering in the future.

Improving these rates will not be easy. Those who have worked with volunteers know that it takes more than motivation to get someone to serve; it also requires asking and creating meaningful opportunities for people to participate. September 11th may have given many more Americans the desire to become active citizens, and President Bush has asked all of us to act on that desire. But whether we really do commit to service will depend heavily on the efforts of all of us in positions of leadership – whether in government, in colleges and universities, in voluntary associations, and in student groups – to enlist our fellow citizens to take responsibility for our communities.

We hope that college and university officials will work with us to increase the percentage of Federal work-study funds devoted to community service.

Management and Administration

All of us involved with national and community service – the Corporation's Board, its previous CEOs, the Congress, State Commissions, and programs across the country – have recognized the management and administrative challenges of running the Agency over the last decade. While more remains to be done, the organization has made significant progress over the last couple of years.

More specifically, fiscal year 2000 was a landmark year for the Corporation in that for the first time in its history, it received an unqualified opinion on its financial statements. This achievement resulted from a commitment to strong management control and accountability for financial resources. I'm pleased to report that the 2001 audit showed that our progress continues, as we received a "clean opinion" for the second year

in a row. Perhaps more important, the number of operational areas deemed to be materially weak was reduced to zero. Not that long ago, we were cited for 10 material weaknesses.

The Corporation, in other words, has reached the point where it is on solid financial ground. But our management and administrative work is not done. In general, the Congress has provided the tools and support necessary for the Corporation to achieve management improvements, and I would like to thank this Committee for its efforts. We have additional ideas that are intended to strengthen the ability of the Corporation, States, and communities to inspire people to serve and help them find ways to improve their neighborhoods.

Finally, in support of the President's call to service, we ask that the Corporation's reauthorization bill reauthorize and update existing provisions of law that support the Points of Light Foundation and America's Promise: The Alliance for Youth.

Mr. Chairman, that concludes my statement. We are clearly at an opportune moment in the history of Federal support for service. I look forward to working with you and with the other Members of Congress to pass reforms and extend national service legislation this year. I am available to address any questions that the Committee may have.

USA Freedom Corps

Principles and Reforms for a Citizen Service Act

Fostering a Culture of Service, Citizenship, and Responsibility

President George W. Bush
April 9, 2002

Foreword by President George W. Bush

Americans have always believed in an ethic of service and civic responsibility that includes helping those in need and promoting the common good. Since September 11, Americans have demonstrated their true character in unity, generosity, patriotism, and civic pride.

Today, Americans serve in their neighborhoods and communities in countless, extraordinary ways. While most of our Nation's civic work is being done without the aid of government, the Federal Government can do a much better job in helping support and encourage a culture of community service and civic responsibility.

During my State of the Union address, I encouraged all Americans to give at least two years – or 4,000 hours – of service over their lives. I announced the establishment of the USA Freedom Corps to foster a culture of service, citizenship, and responsibility. The USA Freedom Corps helps introduce citizens to volunteer opportunities in their local communities. It also creates new service opportunities within: (1) a new Citizen Corps, administered by the Federal Emergency Management Agency, to strengthen homeland security; (2) a reformed AmeriCorps, Senior Corps, and Learn and Serve America, which are administered by the Corporation for National and Community Service; and (3) a strengthened Peace Corps, run by its Director. I have also charged Executive Departments and Agencies to identify service opportunities sponsored by them and any barriers within their Departments and Agencies to community and other service.

Reforming and enhancing AmeriCorps, Senior Corps and other programs administered by the Corporation for National and Community Service are important steps in providing hundreds of thousands of Americans with meaningful service opportunities. Taken together, the reforms and improvements in this package represent a framework in which we all can work together to strengthen Federal support for citizen service.

I look forward to working with the Congress in a bipartisan fashion over the next several months, and in the coming years, to ensure the Federal Government does its part to support the commitment of Americans to our communities and our Nation.

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Executive Summary

Citizen service has always been a cornerstone of our democracy. Citizens have acted individually or through voluntary associations to found hospitals and libraries, start fire companies and civic improvement projects, and help cure diseases and advance rocketry that would fulfill our most distant dreams. Today, millions of Americans continue this tradition of service.

Some observers, however, have indicated a decline in civic participation in recent decades. Robert Putnam, in his book Bowling Alone, highlights a decline in membership in service-oriented organizations such as churches, Rotary Clubs, and PTAs. Dr. Putnam recently noted that "in the aftermath of September's tragedy, a window of opportunity has opened for a sort of civil renewal that occurs only once or twice a century. But though the crisis revealed and replenished the wells of solidarity in American communities, so far those wells remain untapped."

Out of the tragic events of September 11, 2001, Americans are looking for more ways to do good. We must do all we can to support them. While the vast majority of service in the United States will and should continue without the support of government, the President, leaders in the Congress, and government itself can play key roles in encouraging more Americans to serve their communities and country and in facilitating more meaningful full-time and part-time service opportunities. Since the State of the Union address, in which the President called on all Americans to give at least two years of service to their communities and country, interest in service opportunities is on the rise. In a little more than one month, applications to AmeriCorps programs at the Corporation for National and Community Service have increased by more than 50 percent and interest in Senior Corps programs at the Corporation has risen dramatically.

President Bush created the USA Freedom Corps to foster a culture of service, citizenship, and responsibility – to capture a unique moment in history and sustain an ethic of service for generations to come. The President has identified a number of actions to encourage and support those who want to serve their country. One such action is legislation to reform and enhance national and community service programs administered by the Corporation.

A Citizen Service Act will provide new service opportunities for: (a) 25,000 new AmeriCorps participants, leveraging at least 75,000 additional volunteers; (b) 100,000 new Senior Corps volunteers; and (c) an estimated 200,000-300,000 students in colleges and universities. The Administration calls on the Congress to authorize a $290 million increase from last year's budget – the full funding requested in the President's Fiscal Year 2003 budget – to support these initiatives.

Principles and Reforms

The Administration will work closely with the Congress to reform and enhance national and community service programs for five years, consistent with the following principles and reforms for a Citizen Service Act:

1. Support and encourage greater engagement of citizens in volunteering.

President Bush is proposing to reform and enhance national and community service programs to increase the quantity and quality of service opportunities for Americans by:

- Generating more volunteers for each government dollar spent by making volunteer mobilization and program sustainability explicit criteria for grants to service organizations.
- Providing more incentives for seniors' participation in AmeriCorps by permitting them to earn education awards that can be transferred to their children, grandchildren, or another individual in need.
- Improving education awards by working with the Congress to eliminate their taxability, adjust them for inflation, provide greater flexibility on eligible schools and loans, and test new uses for the awards.
- Testing, on a pilot basis, approaches that will allow individuals more choice in where they volunteer.
- Lowering the age for participation in Senior Corps programs from 60 to 55 and eliminating income tests as a criterion for participation in the programs so vital needs are met.
- Providing a stronger challenge grant fund to encourage private support of community-based service organizations.
- Working with the Congress to require that at least 50 percent of Federal Work-Study funds be devoted to community service so that hundreds of thousands of additional students will serve an average of 10 hours a week in community-serving organizations.
- Eliminating barriers to participation in service programs by Americans with disabilities.

2. Make Federal funds more responsive to state and local needs.

President Bush is proposing to give state, local and community officials more authority and flexibility to provide service opportunities to the citizens they represent by:

- Giving states more authority to select AmeriCorps programs, unlike current law that requires states to compete at the national level for over half of their funds.
- Easing the administrative burden on states and local communities and providing greater flexibility in the use of funds.
- Permitting AmeriCorps members to work with community organizations on capacity-building activities, such as working to recruit and manage additional volunteers for various projects.

3. Make Federal support more accountable and effective.

President Bush supports investing in opportunities that will produce results for the communities they serve. To create greater accountability for results, the President supports reforms that will ensure:

- All grantees in AmeriCorps, Senior Corps and Learn and Serve America programs will have specific program objectives and accountability requirements. The Chief Executive Officer of the Corporation for National and Community Service should be given statutory authority to: (1) work with grantees to establish performance measures; (2) require corrective plans for those not meeting goals; and (3) reduce or terminate grants if corrections are not made.
- The average cost per participant will be lowered by providing adequate opportunities for part-time members, and members who receive partial living allowances or education benefits only. Total costs for AmeriCorps participants will be contained by establishing a statutory cap for the average cost of full-time equivalents. Such a cap will ensure that Federal resources open up more service opportunities to more Americans.

4. Provide greater assistance to secular and faith-based community organizations.

President Bush is proposing to include more community- and faith-based organizations in more national and community service programs through the following reforms:

- Strengthen and reform AmeriCorps*VISTA, which has a long history of working closely with local community and faith-based organizations on anti-poverty efforts, by providing greater flexibility and local control in its administration.
- Test, on a pilot basis, allowing individuals choose the organizations they wish to serve with from among a variety of options, including smaller community and faith-based organizations.

Background

The reforms and principles proposed for a Citizen Service Act will make significant changes to the domestic service programs that are administered by the Corporation for National and Community Service.

About the Corporation for National and Community Service

The Corporation for National and Community Service is an independent Federal agency created by the National and Community Service Trust Act of 1993. Two statutes authorize most of the major federally funded volunteer and community service programs in America: the National and Community Service Act and the Domestic Volunteer Service Act. In general, the Corporation administers the programs authorized by these two statutes.

Legislative History

The National and Community Service Act authorizes several programs administered by the Corporation including: AmeriCorps Grants, Learn and Serve America, the National Civilian Community Corps, and the Points of Light Foundation. The Domestic Volunteer Service Act authorizes the Volunteers in Service to America (VISTA) program and the National Senior Volunteer Corps – known as Senior Corps. Authorization of funding for both statutes expired at the end of fiscal year 1996. Programs authorized by these statutes have continued to receive funding through appropriations legislation.

As part of his call to service, President Bush is asking the Congress to pass a Citizen Service Act that will encompass the reforms and principles set forth in this document. None of the Corporation's programs has had the benefit of a thorough review and discussion by the Congress for nearly a decade. To make our domestic service programs stronger and more effective in providing assistance to the communities they serve, the President urges the Congress to pass these principles and reforms in a Citizen Service Act.

About the Programs

AmeriCorps: Created in 1993, the AmeriCorps grants program provides a network of community and volunteer service opportunities for participants who are 17 years or older. By statute, AmeriCorps programs and participants must address educational, public safety or environmental needs through services that provide a direct benefit to their communities. Major programs administered by AmeriCorps include ***State and National grants*** to support local nonprofit organizations across the country; the ***National Civilian Community Corps***, a federally-operated 10 month residential program for young people 18-24; and ***AmeriCorps*VISTA***, a federally-operated program that works closely with faith-based and other community-based organizations to alleviate poverty.

Senior Corps: The National Senior Volunteer Corps program is comprised primarily of the ***Foster Grandparent Program***, the ***Senior Companion Program***, and the ***Retired and Senior Volunteer Program***. These programs are designed to utilize the skills of senior citizens within their communities to meet priority needs.

Learn and Serve America: Learn and Serve America includes three service-learning programs that have been authorized since 1990: community based programs for school-age children, school-based programs for K-12 students, and higher education initiatives to involve college and university students in community service. Service-learning is a teaching method by which students or participants learn and develop skills and concepts through active participation in service activities that meet the needs of their communities.

Strengthening AmeriCorps

Overview

There are three main components to AmeriCorps: (1) ***AmeriCorps*State and National*** provides grants to states and national organizations to support members in local nonprofit organizations across the country; (2) ***AmeriCorps*VISTA*** members focus their activities on supporting community- and faith-based organizations in meeting the needs of low-income communities; and (3) ***AmeriCorps*National Civilian Community Corps (NCCC)*** members complete a ten-month, full-time residential service program for men and women that combines the best practices of civilian service with the best aspects of military service, including leadership and team building.

Most AmeriCorps members are selected by, and serve with, projects in their communities such as Habitat for Humanity, Neighborhood Watch organizations, the American Red Cross, Boys and Girls Clubs, and local community- and faith-based organizations. State service commissions, appointed by the Nation's governors, allocate resources to these organizations within their respective states. Other grants are made to service organizations at the national level. After their term of service, AmeriCorps members receive education awards to defray college expenses or pay back student loans.

Slightly more than one-half of the individuals in these programs serve full-time and receive a living allowance, generally at the poverty level, in order to be able to serve. The other one-half serve part-time; they generally do not receive any living allowance but do receive an education award at the end of their service.

President Bush supports legislation to reform AmeriCorps programs so they can provide a solid foundation upon which to build an enhanced system of Federal support for service. The new AmeriCorps will engage Americans in intensive, results-driven service each year. AmeriCorps members will mobilize, manage, and train additional volunteers. The members, and the volunteers they help organize, will perform vital services such as teaching children to read, making neighborhoods safer, and helping build affordable homes for low-income families. These changes will be driven by reforms that enhance accountability for results, create greater flexibility in administration at the state and local level, and offer a sharper focus on investing in activities that use AmeriCorps volunteers to recruit and train additional community volunteers.

Summary of Proposals

To reform and enhance community-based service opportunities, the President proposes the following:

Generate more volunteers for each government dollar spent.

Mobilizing additional volunteers beyond those directly supported by AmeriCorps should be an explicit criterion for funding and evaluating programs. This is currently required through administrative guidance but should be statutory. Such a change will ensure that this policy will remain a top priority from Administration to Administration.

Enhance the role of states.

States should have more flexibility and clearer performance standards. Current law allocates one-third of AmeriCorps grants for state formula grants, up to one-third for Federal direct grants, and the balance to states on a competitive basis (chosen at the national level). The Administration proposes to consolidate the competitive and formula grants to states into one formula grant to each state in order to strengthen the role of states in the selection of grantees. A hold harmless provision would prevent the loss of funding to any particular state.

Ease the administrative burdens on states.

The Chief Executive Officer of the Corporation for National and Community Service should have statutory authority: (1) to eliminate administrative requirements identified by states as impeding the effectiveness of service programs; (2) to simplify application procedures and reporting requirements to promote efficiency and eliminate duplication; and (3) to make adjustments to administrative support as necessary.

A state commission should have the flexibility, within its grant, to allocate necessary funds for administration, subject to a reasonable ceiling. Today, administrative funds are provided to states through a separate allocation that is not directly related to the size of the AmeriCorps programs operating within the state.

Encourage sustainability as a grantee objective.

Specific measures should be adopted to increase the sustainability of grantees' programs with non-Federal resources. For example, all AmeriCorps members should be permitted to assist grantee organizations in capacity building activities. Currently, this is limited to AmeriCorps*VISTA members.

Make cost effective approaches available on a more widespread basis.

Currently, some cost-effective approaches (such as the AmeriCorps education award program, where the Corporation pays up to $500 per member and the education award) are only available under limited "demonstration authority." Cost effective models such as this should be made part of the AmeriCorps grants program where they can be expanded as desired by grantees, and can provide additional service opportunities to Americans.

*Make AmeriCorps National Civilian Community Corps (AmeriCorps*NCCC) a model for public safety, public health and emergency response.*

AmeriCorps*NCCC is a ten-month, full-time residential service program for young men and women focusing on the Nation's critical needs in the areas of education, public safety, the environment, and other human needs. Using this very successful program as a model, the Administration proposes to authorize the awarding of grants for programs operated by public agencies and nonprofits that would primarily support public safety, public health, and emergency response efforts.

Work with the Congress to make the education award comparable to other programs, such as the G.I. Bill.

The Administration proposes a number of reforms to strengthen and improve the education award offered through AmeriCorps, including: (1) eliminating taxation of the education award; (2) providing for cost of living adjustments; and (3) broadening the educational institutions and lenders at which the education awards may be used. In addition, the Administration supports changes, including: (1) providing that education awards cannot be considered when determining eligibility for Federal student aid; (2) permitting transfer of the awards to another person's Coverdell education savings account; and (3) establishing pilot authority to use the awards for other purposes such as home purchase and job training.

*Reform AmeriCorps' VISTA program (AmeriCorps*VISTA) by devolving more control to community- and faith-based organizations.*

AmeriCorps*VISTA is a vital component of AmeriCorps that has a long history of working closely with local community- and faith-based organizations focusing on anti-poverty efforts. AmeriCorps*VISTA has been effective in these efforts, but can be improved. The Administration urges the Congress to transition AmeriCorps*VISTA from a federally-operated program in which the Federal Government selects and supervises members, to a federally-assisted program, in which sponsoring organizations select and supervise members, similar to other AmeriCorps programs. This change would provide greater control and flexibility to nonprofit organizations in program design and delivery, as well as additional incentives for potential members to join.

Test alternative approaches in the delivery of AmeriCorps.

The Chief Executive Officer of the Corporation for National and Community Service should be empowered to test, on a pilot basis, innovative and flexible programs designed to involve more people in public service. For example, the Corporation should be able to test a model by which individuals determine where they wish to serve from among a variety of options, rather than being selected by the grantee organizations. This would permit more AmeriCorps members to serve at small community- and faith-based organizations.

Demand accountability for results.

AmeriCorps grantees should have specific program objectives and accountability requirements. The Chief Executive Officer of the Corporation for National and Community Service should be given statutory authority to: (1) work with the grantees to establish performance measures; (2) require corrective plans for those not meeting goals; and (3) reduce or terminate grants if corrections are not made. The Chief Executive Officer should also be given statutory authority to establish performance measures and corrective plans for any pilot programs that enable individuals to select and serve in small community- and faith-based organizations.

Provide more participation incentives for seniors.

More senior citizens can be encouraged to participate in AmeriCorps if they are permitted to earn education awards that can be transferred to their grandchildren or another individual in need.

Recognize homeland security programs as eligible for AmeriCorps grants.

AmeriCorps members support citizen engagement activities that promote public safety, public health, and disaster relief and preparedness. The national service laws should reflect the increase in citizen interest in these types of activities following the terrorist attacks of September 11, 2001.

Recognize technology programs as eligible for AmeriCorps grants.

AmeriCorps members currently assist individuals in making effective use of technology through after-school and weekend programs. However, while the national laws explicitly identify a long list of program areas as eligible for AmeriCorps grants, technology is not among them. In view of its importance for education, literacy, and other human needs, the authorizing statute should reflect the role of technology within AmeriCorps.

Contain costs.

While the average costs to finance AmeriCorps members is relatively modest ($10,000 average cost including full-time and part-time members), enacting a statutory cap on average per-member expenditures will ensure future cost containment and maximize service opportunities for more Americans. The Federal cost for full-time members includes 85 percent of a living stipend of about $9,300 that permits individuals to devote their full time to community service during their year as an AmeriCorps member. Other costs include basic health insurance, training, and an education award of $4,725 at the conclusion of service. This proposal would set a cap per average cost of full-time equivalent members.

Authorize Appropriations.

The Administration calls on the Congress to authorize a $230 million increase from last year's budget – the full funding of AmeriCorps requested in the President's FY 2003 budget – which would permit AmeriCorps participation to increase from 50,000 Americans per year to 75,000. These 25,000 new AmeriCorps participants, in turn, will leverage at least 75,000 additional volunteers for community service organizations.

Enhancing Senior Corps

Overview

The Corporation for National and Community Service administers the National Senior Service Corps, which provides opportunities for approximately 500,000 older Americans to serve their communities. The Senior Corps is comprised of three major programs: the ***Retired and Senior Volunteer Program (RSVP)***; the ***Foster Grandparent Program***; and the ***Senior Companion Program***. The Corporation makes grants to nonprofit organizations and public entities to support these programs.

- ***RSVP*** matches older Americans who are willing to help with local problems in their communities. RSVP volunteers provide a wide range of important services, such as tutoring youth, responding to natural disasters, serving as citizen patrols for local police departments, teaching parenting skills to teen parents, getting children immunized, and mentoring troubled youth. RSVP volunteers serve without stipend for an average of four hours per week. To best meet the needs of their communities, RSVP volunteers choose how and where they serve.
- ***Foster Grandparents*** provide valuable assistance to children with exceptional needs. Foster Grandparents serve in schools, hospitals, drug treatment centers, correctional institutions, Head Start and day care centers. Foster Grandparents help abused and neglected children, mentor troubled teenagers and young mothers, and care for premature infants and children with disabilities.
- ***Senior Companions*** provide comfort to frail, homebound individuals, most of them elderly. These clients have difficulties with daily living tasks, and Senior Companions help them retain their dignity and independence.

In both the Foster Grandparents and Senior Companions programs, members have low-incomes, serve 20 hours per week, and receive a modest stipend of $2.65 per hour. RSVP volunteers receive no allowance and may select their level of service.

As we look to the future and a rapidly expanding population of seniors interested in helping to meet community needs, we need to enhance the effectiveness of these programs and remove barriers that inhibit service opportunities. These efforts should build on the best from our past experience and incorporate emerging knowledge about the preferences, education, and capacities of the coming waves of retirees.

The Administration advocates the strengthening of senior service programs administered by the Federal government to enable more older Americans to have expanded opportunities to serve their communities.

Summary of Proposals

To strengthen service opportunities for our Nation's seniors, the President proposes the following reforms:

Reduce barriers for participation in all Senior Corps programs by lowering the age of eligibility from 60 to 55.

Currently, participants in Foster Grandparents and Senior Companions must be 60, while people can participate in RSVP beginning at age 55. The age of eligibility should be 55 for all Senior Corps programs.

Remove income eligibility limitations that restrict participation in Foster Grandparents and Senior Companions.

Removing the income eligibility restrictions will permit currently under-subscribed programs to be fully utilized, ensuring that more youth at risk and frail elderly can be served by our Nation's seniors. When lifting the income eligibility restrictions, the Chief Executive Officer of the Corporation for National and Community Service should be directed to ensure effective outreach to, and continued availability of, opportunities for persons with low incomes. Projects will have greater flexibility in making stipends available to volunteers, based on intensity of service, not income.

Permit innovations in programming.

The Administration proposes to add new flexibility to the Senior Corps by permitting, for example: (1) Foster Grandparents to provide a broader range of services to children, including to more than one child at a time; and (2) allowances for RSVP participants serving for lengthy periods of time.

Demand accountability for results.

Senior Corps grantees should have specific program objectives and accountability requirements. The Chief Executive Officer of the Corporation for National and Community Service should be given statutory authority to: (1) work with the grantees to establish performance measures; (2) require corrective plans for those not meeting goals; and (3) reduce or terminate grants if corrections are not made.

Provide greater flexibility to local communities.

The Administration proposes to create greater flexibility in the use of Federal resources by easing requirements that govern the activities and support of volunteers. For example, under current requirements, seniors must serve 20 hours per week to participate in Foster Grandparents and Senior Companions. There should be more flexibility in the number of hours per week that individuals may serve.

Authorize grants to support a senior scholarships program.

The Administration supports the creation of a senior scholarships program to promote mentoring and tutoring by seniors, who may receive or transfer a $1,000 "Silver Scholarship" to their children, grandchildren or another designated individual.

Authorize Appropriations.

The Administration urges the Congress to authorize a $50 million increase from last year's budget – the full funding of Senior Corps programs requested in the President's FY 2003 budget. This increase in funding will permit participation to increase from 500,000 seniors per year to 600,000. The funds have been requested under "Special Volunteer Programs," to permit flexibility in how the funds may be used.

Promoting Student Service and Effective Service-Learning

Overview

The goal of the Learn and Serve America programs is to make service an integral part of the education of all young people and instill a lifelong ethic of civic engagement and service. All Learn and Serve America programs – for K-12 and higher education – integrate community service with academic curricula or with extracurricular learning opportunities. Students who participate in these programs demonstrate increased civic and social responsibility and higher academic achievement. In addition, Learn and Serve America programs encourage and foster beneficial collaboration among schools, community-based organizations, institutions of higher education, and others, to meet community needs and to strengthen the fabric of local communities.

A 1999 U.S. Department of Education study identified a growing trend within public elementary and secondary schools to offer service and service-learning classes. The study found that 32 percent of all public schools organized service-learning as part of their curricula, including nearly half of all high schools, and 57 percent of all public schools organized community service activities for their students. This growth is significant when compared to a similar study conducted in 1984 that found only 9 percent of all high schools offered service-learning, and 27 percent of all high schools offered some type of community service (National Center for Education Statistics, 1999). In higher education, service-learning has had similarly expansive growth.

Unfortunately, Federal Work-Study program participation among college and university students does not reflect the same trend. The original Federal Work-Study Program had as its purpose: "to encourage students receiving Federal student financial aid to participate in community service activities that will benefit the Nation and engender in the students a sense of social responsibility and commitment to the community." Current law requires that colleges and universities place only 7 percent of Work-Study students in community service positions. Even so, many colleges and universities fail to meet this very minimal requirement. Moreover, many colleges and universities fail to inform students that they have the option to perform community service to meet their Work-Study requirements.

The Administration proposes to make changes in Learn and Serve programs at all education levels to increase the number of students participating in high quality service programs.

Summary of Proposals

To foster more quality service learning and opportunities for students in K-12 and higher education, the President proposes the following reforms:

Enhance quality by more effectively targeting Learn and Serve America grants.

Under current law, a majority of Learn and Serve America resources are divided into formula grants to the states. Each state education agency then divides its formula grant amount into smaller grants to local schools and school districts. This formula funding approach should be balanced with more targeted funds awarded to research-based, high quality service learning programs. In addition to state education agencies, the list of entities eligible for Learn and Serve America grants should be expanded to include a wider range of public agencies and nonprofit organizations. Moreover, Learn and Serve America funds should be made available for research and demonstration projects that highlight quality service learning programs.

Demand accountability for results.

Grantees must have specific program objectives and accountability requirements. The Chief Executive Officer of the Corporation for National and Community Service should be given statutory authority to: (1) work with grantees to establish performance measures for each grantee; (2) require corrective plans for those not meeting goals; and (3) reduce or terminate grants if corrections are not made.

Amend the Higher Education Act to require every college and university to increase, over several years, the percentage of Federal Work-Study funds devoted to community service to 50 percent.

In addition to increasing the participation requirement to allow more college and university students to engage in community service activities, colleges and universities should be encouraged to devote at least 5 percent of Federal Work-Study funds each year to homeland security activities (including public safety, public health, and emergency preparedness). Financial incentives, such as increased flexibility in using student financial aid administrative funds, should be provided for institutions that meet these goals.

Administrative, Management, and Other Improvements

Overview

While demanding greater accountability for the use of Federal resources, there are opportunities to improve the way the Corporation for National and Community Service does its business. This should strengthen support in the private sector for community service, open up service opportunities for Americans with disabilities, and increase participation by smaller community- and faith-based organizations, while improving the Corporation's management controls. Some of these proposals were identified in the relevant program section. Others are included below.

Summary of Proposals

To strengthen and improve the administration of national and community-based service opportunities, the President proposes the following reforms:

Provide for a challenge grant fund to support the growth of service and volunteerism.

Require $1 in private support for every $1 provided by the Corporation as a challenge grant, and emphasize the importance of using such grants to build up the capacity of non-profit organizations, especially small community-based organizations. Once such challenge grants are funded, provide for a 2-to-1 match in subsequent years.

Authorize the Corporation to establish a veterans service initiative for youths.

To support the service of veterans and retired military personnel as tutors and mentors, the Administration is proposing to establish a veterans component to the Corporation's youth-serving programs.

Eliminate barriers to participation in national service programs by individuals with disabilities.

Grants for accommodation to increase the placement of individuals with disabilities should no longer be limited to certain parts of AmeriCorps. AmeriCorps benefits should no longer negatively affect entitlement to disability benefits, and participation in AmeriCorps may lead to new opportunities for productive work for Americans with disabilities.

Authorize the Corporation to consolidate or modify application procedures and reporting requirements under the national service laws to promote efficiency and eliminate duplicative provisions.

States should be permitted to file a single application rather than the multiple applications required under current law to access Corporation funds.

Authorize the Corporation to eliminate administrative requirements.

The Administration proposes to eliminate the administrative burdens that have been identified by states as impeding the coordination and effectiveness of their national and community service programs.

Conduct research on program effectiveness and evaluate best practices.

Make available up to 3 percent of program funds from AmeriCorps, Senior Corps, and Learn and Serve America for research and evaluation purposes.

Authorize the Corporation to support a management clearinghouse.

To provide small community-based nonprofit organizations with technical advice and assistance, the Administration proposes the specific authorization for a management clearinghouse to be supported by the Corporation.

Make a series of technical adjustments to strengthen AmeriCorps programming and reduce burdens on grantees.

The Administration supports a number of technical adjustments to the authorizing statutes in an effort to strengthen AmeriCorps programming and reduce burdens on AmeriCorps grantees, including: (1) using AmeriCorps funds to support training and technical assistance for all national service programs receiving assistance; (2) authorizing grants which, by design, support allowable costs without requiring grantees to maintain source documentation and detailed financial records; (3) providing for an adjustment to living allowances for members who serve less than 12 months; and (4) permitting an individual to receive the aggregate value of two full-time education awards.

APPENDIX D - WRITTEN STATEMENT OF ALAN KHAZEI, CHIEF EXECUTIVE OFFICER, CITY YEAR, INC., BOSTON, MASSACHUSETTS

National and Community Service Act of 1990

Testimony by Alan Khazei
Chief Executive Officer
City Year, Inc.

Before the U.S. House of Representatives
Subcommittee on Select Education
The Committee on Education and the Workforce

April 11, 2002

Mr. Chairman and Members of the Committee:

Thank you. I am honored to be here with you to represent AmeriCorps programs across the country. On behalf of the 6,000 young people who have graduated from my own AmeriCorps program, City Year, and the more than 600,000 children they have served, thank you. These young idealists have had the opportunity to build parks and playgrounds, serve our elderly and homeless, lead children and adults in service, tutor and mentor and lead curriculums on violence prevention, drug and alcohol abuse prevention, and tutor and mentor tens of thousands of children in schools and afterschool programs. Our corps members are serving as positive role models and teaching all of us that each person, no matter what age, can make a difference. They have learned leadership skills and what it means to be a good citizen every day for a year. Each of our graduates has earned nearly $5,000 from the National Service Trust towards the costs of continuing their education, whether in college, graduate school, or other training. It is because of your vision and leadership that their year of dedicated service to their community was made possible.

This is an historic moment for our country, our democracy, and the national service movement, and it is a moment to seize. When historians look back on this time, they will undoubtedly say that the 21st Century began on Sept. 11, 2001. As the noted social scientist, Robert Putnam, has recognized, "in the aftermath of September's tragedy, a window of opportunity has opened for a civic renewal that occurs only once or twice a century."

President Bush is leading the national challenge to seize this window of opportunity and to redefine the meaning of American citizenship in the 21st century. From the moment he was sworn into office, in his inaugural address, President Bush challenged all Americans to be:

> "...citizens, not spectators; citizens, not subjects; responsible citizens, building communities of service and a nation of character."

Then, following September 11, in his State of the Union address, President Bush outlined a plan of great power and leadership for national service, uniting the past good work of several Presidents in a sweeping new vision of civic renewal for our country, when he said:

> "My call tonight is for every American to commit at least two years – 4,000 hours over the rest of your lifetime – to the service of your neighbors and nation."

This is a wonderful, measurable goal that if met, will truly transform America for the better. Through creating the USA Freedom Corps and supporting it with his proposed budget, President Bush is calling for the opportunity and means for every American to meet his challenge. At City Year, we were so inspired by the President's address, we immediately launched a campaign to sign up every member of the City Year community—corps, staff, partners, friends, sponsors, and board members—to pledge to serve 4,000 hours and fulfill the President's vision. I include a sample of this pledge form with my testimony today. We believe that through the President's bold proposals for national service, a new civic institution of comprehensive national service that reinvigorates citizenship and democracy

can be established. By strengthening these programs, we can all meet the President's goal: a culture of service, citizenship, and responsibility in the United States.

President Bush has also promoted the idea that that citizens have the potential to be social entrepreneurs and to tap into the extraordinary creativity and innovation of America's entrepreneurial spirit for the common good. Just three weeks ago at the USA Freedom Corps event in Philadelphia, the President said:

> "There are social entrepreneurs in our society who help define America. And one of my jobs is to herald those social entrepreneurs and to thank them on behalf of all Americans. I believe out of this evil will come incredible good. And one of the good things that will happen is Americans will ask the question about how I can help fight evil by doing something good."

As CEO and Co-Founder of City Year, and as one of the many social entrepreneurs that President Bush is supporting, I am honored to provide testimony that supports the Corporation's proposed Principles for Reauthorization of the National and Community Service Trust Act (NCSTA) and the President's request to expand these vital service programs. I want to thank the members of this committee for the thoughtful approach you have taken towards the national service issue over the years. In that spirit, I would like to suggest that as Congress considers President Bush's exciting charge to grow national service initiatives that you consider three questions:

1. Are we taking actions that will get us closer to realizing President Bush's powerful vision that all American citizens are challenged and provided the opportunity to dedicate two years of their lives to service?

2. Are we building on what already works and leveraging the unique contributions that national not-for-profit organizations can make to our developing national service infrastructure?

3. Are we developing a comprehensive system for national service? Specifically, are we creating a system that provides for service opportunities from kindergarten through our retired years, utilizes all parts of our American society including federal, state, and local governments, the private sector, our Universities, and non-profit organizations, and draws on marketplace principles of supply and demand, competition, incentives, a variety of delivery vehicles, rewarding results, and leverage?

I have prepared my testimony today with these three questions in mind.

In order to realize President Bush's powerful vision of all Americans serving for two years, I believe that we will have to dramatically expand the opportunities for Americans to serve full-time for one year, and we will have to leverage those full-time servers to coordinate and facilitate many other Americans serving part-time.

While AmeriCorps is not a perfect program, it is a proven program that works. Expanding by 25,000 members a year will be a terrific first step towards providing many more opportunities for Americans to serve, and we should continue to grow the program from there. There are 25 million young Americans between the ages of 18 and 25. Every one of them should be challenged and given the opportunity to serve. At City Year, our vision is that one day in America, the most commonly asked question of an 18 year-old will be, "Where are you going to spend your service year?" We need to ask, and we need to ask in powerful ways. We also need to offer high quality opportunities for Americans to serve. We believe that we should "Double what works." AmeriCorps works, and we should aim to double it. Many proven programs, such as Habitat for Humanity, YouthBuild, Jumpstart, Teach for America, the network of Conservation Corps, and my own organization, City Year, are ready to go to scale and need only the resources to do so.

Since 1994, more than 100,000 AmeriCorps members have produced significant results—meeting critical needs in education, public safety, health and human services, and the environment in every state across the nation. The following examples are just a few of the contributions made by AmeriCorps members over the past eight years:

- More than 4,400,000 children have been taught, tutored or mentored;
- An independent study shows that tutored students in grades 1-3 improved their reading performance from pretest to post-test, more than the gain expected by the typical child at their grade level;
- 46,000 safety patrols have been established, operated, or expanded;
- More than 1 million at-risk youth have been served through after-school programs;
- 11,000 homes have been built;
- More than 5 million homeless individuals have been given food, clothing, or other necessities;
- More than 1 million people have been immunized against deadly diseases;
- 650,000 senior citizens have been given independent living assistance; and
- AmeriCorps members have recruited, trained, or supervised more than 2.5 million volunteers to augment their work and meet the needs of their communities.

All of this great work has been made possible by the federal government, not in running the programs, but in providing the resources and the umbrella organization to get this valuable work done.

The City Year story.

I know the value and importance of the federal government's investment in national service through my nearly 15 years of work with City Year. Michael Brown and I and a small group of social entrepreneurs began working on City Year in 1987. Our goal was to create a model

national service program that could test and demonstrate the promise, potential, and power of national service. We began with a summer pilot program of just 50 young people in Boston in 1988 and were entirely funded by the private sector, because at that time, there was no federal investment in national service. After five years of work and dedication and the efforts of countless citizens, we grew City Year to 100 full-time corps members in Boston and had an annual budget of $2.5 million dollars – still all privately funded mostly by corporations that sponsored Teams of corps members in service.

In 1990, President Bush established the first Commission on National and Community Service, which ultimately named City Year one of the first eight "national demonstration" programs and provided the organization with federal funds to grow our program to scale in Boston and begin to develop City Year in other cities. With the development of AmeriCorps and the growing federal investment in national service we were able to meet the increasing demand by localities around the country for City Year programs. Today, City Year operates in 13 American communities and enroll 1000 corps members annually who work with 100,000 children across the country. Our annual budget has grown to $30 million dollars a year and for each dollar invested by Americorps we match it with 2 dollars of private sector support. The federal investment has been absolutely essential to our work, because it provides an annual stable base of funds and has given us the resources to respond to local demand for City Year programs and to reach out and engage many other private philanthropic donors.

Since our inception, City Year has served over 600,000 children, engaged nearly 700,000 citizens in service around the country, and leveraged more than $12.3 million in scholarships for our corps members from the National service trust fund. Our longitudinal studies show that our program develops stronger citizens and future leaders: 90% of our alumni are likely to vote in a local or national election; 89% are likely to volunteer regularly for a non-profit community organization; 84% are likely to lead others in service; 80% of our members reported that City Year improved their ability to persevere and keep working at something even though it was difficult; and 91% said they developed friendships with people from different races or ethnicities during their service year. In a recent survey, 97% of school principals with whom we work stated that City Year AmeriCorps members serve as positive role models for working with people from different backgrounds.

City Year is just one example of Americorps working. There are now 700 Americorps programs in America that are laying the foundation for a much more comprehensive system for national service. AmeriCorps works. With expanded resources and an increase in quantity and quality of service opportunities for Americans, we believe that service can become a common experience for every American and that we can realize President Bush's powerful vision.

Both the Commission on National and Community Service established by President George H. W. Bush and the Corporation for National and Community Service, established by President Clinton took a very innovative approach to developing national service in America. Rather than creating one single federal national service program, they recognized that national service is about citizenship and that it should come from the bottom up and that the federal government could play the role of catalyst, resource provider, standard setter, promoter and umbrella. That it could help to build, if you will, a dynamic "marketplace" for

national service that would encourage competition, reward results, provide incentives and build off of the social entrepreneurial energy in communities and states across our country.

Creating a marketplace means putting in place an environment in which investment, growth and best practices are encouraged. The end result of a healthy marketplace is a high quality, cost-effective product that is efficiently delivered. We believe that national service programs should operate in such a marketplace. It can be stimulated in three ways: 1) by leveraging investment from all sectors and stakeholders; 2) by ensuring systematic competition; and 3) by maximizing AmeriCorps members as resources.

Investment. National service programs already leverage significant private sector funds, and have the capacity to do much more. In a 1999 survey, an average of 2-3 businesses were found to be involved with each AmeriCorps program. We think this is the tip of the iceberg. Programs like Public Allies match their federal monies 2:1, leveraging resources from partner nonprofit organizations that benefit from their services, and raising other contributions from individuals, foundations and corporations. And for every federal dollar City Year has received we have leveraged more than $1.50 from the private sector. Led by our sponsors AOL Time Warner, Adobe, Cisco Systems, Compaq Computer Corporation, Fleet, MFS Investment Management, and The Timberland Company, City Year teams across the country have been sponsored by more than 250 companies at the local level.

We strongly support President Bush's proposal to utilize Challenge Grants for established programs with demonstrated track records that have the ability to leverage private sector support to meet the demand for their programs all across the country. Just as we cannot imagine an American community without a Boys and Girls Club, or Boy Scouts and Girl Scouts, or Habitat for Humanity, there should be no American community without an opportunity for young people to serve. A strategic use of federal matching fund challenge grants will leverage federal dollars and unleash private philanthropy to help spread national service programs that work to many more communities in America.

Competition. A critical component of maintaining an active and effective marketplace is competition. The state-based national competitive stream, which encompasses roughly half of the money allocated to states for AmeriCorps programs, has served several critical functions in the past eight years. For example, the competitive stream:

- Enables program growth and development in each state to occur based on quality, innovation and the community's entrepreneurship, not simply population size or another abstract formula;
- Gives smaller states that have a strong commitment to building quality national service opportunities in their communities the chance to bring in a greater share of AmeriCorps funds to their localities, field more programs and serve as a model "laboratory for national service" democracy;
- Makes it possible for smaller states to apply for any program, regardless of budget and complexity, which would not be an option if the state were operating with fixed funding;

- Provides an incentive for states and municipalities and private philanthropy across the country to commit to leveraging federal dollars because all states are on a "level playing field" in the competition; and
- Fosters best practices and rewards states who achieve them.
- Finally, as a recipient of competitive funds through nine separate State Commissions, we can attest to the fact that programs submitted competitively are rightly held to very high expectations, and work hard to meet them and set standards for the network.

To create a common service experience for all Americans, we must be vigilant about program quality, equal opportunity and access, and continuous improvement on a national scale. Given that we have very limited federal dollars for national service versus the potential demand, we believe that these principles are assured through the competitive funding stream.

Maximizing members as resources. Lastly, I want to express my enthusiastic support for the Corporation's provision to make Federal funds more responsive to state and local needs by permitting AmeriCorps members to work with community-based organizations as capacity-builders. If AmeriCorps is to fulfill its potential as a vehicle for developing citizen leaders, of any age, members must be trained in the skills of social entrepreneurship, and graduate with the capability to recruit volunteers, raise and leverage resources, and understand how to represent the impact of their service. Such marketable skills will not only support the community-based organizations with which members serve – the experience will also teach members how to reinvest in and strengthen their communities in the future.

National nonprofits. National nonprofits that operate AmeriCorps programs have a unique role to play in this marketplace, just as small businesses and multi-state corporations are both vital to the commercial sector marketplace. Known as National Directs, these programs provide quality control and expertise, engage national companies as sponsors, and achieve economies of scale through centralized "back office" operations. However, in the spirit of experimentation and devolution, Congress placed a cap upon National Direct funding in 1997, shrinking it from 33% to about 17% of total AmeriCorps program funds. We hope this restriction is reconsidered, as National Directs are crucial to the development of the national service field.

National Direct AmeriCorps programs operate in every state in the country. They share the following characteristics: they participate in a highly demanding national competitive process in order to receive funds from the Corporation for National and Community Service; they oversee operating sites in multiple states; and they are frequently housed within major national and international nonprofit organizations, such the American Red Cross and Habitat For Humanity – or they are stand-alone AmeriCorps programs, such as City Year. National Directs have significant advantages that enable them to play a key role in building a comprehensive system and infrastructure for national service in America. National non-profits bring significant resources to the national service field including: the ability to build strong infrastructures and deeply committed Board members, developed business practice, skilled professionals, programs tested and implemented on a national scale and the potential

to partner with national companies and foundations on important projects and initiatives. National Direct programs include:

- *Teach for America*, an independent nonprofit operating in 17 regions nationwide, which places outstanding recent college graduates to teach for two years in under-served urban and rural public schools;
- *Habitat for Humanity AmeriCorps*, housed within Habitat for Humanity International and operating in eighteen states, which builds and renovates houses with low-income families;
- *Youthbuild USA AmeriCorps*, of Youthbuild USA, operating in 23 states, which recruits disadvantaged youth to construct low-income area housing and "rebuild their neighborhoods as they rebuild their lives";
- *Jumpstart for Young Children*, of Jumpstart for Children, Inc., which pairs federal work-study college students with preschool children struggling in early learning programs in four states;
- *Community HealthCorps*, operated by the National Association of Community Health Centers in nineteen states, which provides culturally appropriate preventative and primary health care to medically underserved populations and communities; and
- *National Collaboration for Homeless Veterans*, operated by the United States Veterans Initiative, which provides services to homeless veterans to connect them with housing, employment and treatment services and help them successfully reintegrate into society.

Quality control. Like successful franchises, National Direct AmeriCorps programs create replicable service models to adapt to any area. National Direct programs do not start from scratch – they establish new programs on the basis of years of experience building local community relationships and uniting local resources, and they work with local leaders to establish new sites. Every City Year site has a local board made up of community leaders, non-profit partners, and local champions that sets priorities and guides our work in that community. I know from City Year's experience that we only respond to local demand for our program, and with the declining funding in the national direct pool, we have not been able to meet that demand. National Direct operating sites work with their respective State Commissions, lending resources, attending trainings and program director meetings, and ensuring that program funders are recognized in the state's portfolio. In addition, most parent organizations for National Direct operating sites, like City Year, also receive funding through some State Commissions. Often, working with local champions such as CEOs and mayors, we have begun operations in a new locality with national direct funding and then have been brought into the State portfolio by the State Commission, through the competitive stream. In fact, although nine of City Year's current 13 programs now operate with State competitive funds, a number of our sites started with national direct funding.

Expertise. National Direct programs support community-based organizations by delivering federal resources while taking on the bureaucratic reporting and administration that go with it. Public Allies, for example, has placed AmeriCorps members in 550 community-based

organizations in seventeen regions across the country to date – and 93% of organizations report strengthened capacity, such that they will sustain the projects and relationships developed by their members.

National reach. National Directs have the potential to leverage investment on a large scale. For example, Cisco Systems, Compaq Computer Corporation, MFS Investment Management, and the Timberland Company have each committed more than $1 million to the City Year AmeriCorps program to become national leadership sponsor of City Year. Each of these companies made this remarkable investment in national service because of City Year's national reach. Sponsorship for national nonprofits is of significant interest to multi-state corporations because it meets their employees' and customers' interests in serving in more than one location. Furthermore, sponsorship in one city by nationally recognized corporations and foundations frequently influences potential sponsors in another city. These are dollars that would not otherwise be leveraged by local service programs. National Directs in effect have a unique capacity to enlarge the share of philanthropic dollars spent on service.

Cost-effectiveness. Because National Directs centralize standard operations, significant economies of scale and sustainability can be achieved. Centralized financial administration, such as single payroll and budget services, single audits, single legal representation, a shared line of credit – City Year, for example, has obtained a multi-million dollar credit line for its thirteen sites – or a shared national endowment sharply reduce costs per site for these services. Standardized communications protocol leads to effective brand management, targeted research – and in City Year's case, central evaluation, allowing reports on aggregate data from across the country. Also, national programs can quickly leverage and build upon local innovation. For example, best practices can be quickly and efficiently communicated across operating sites; shared corps recruitment and human resources systems leverage multiple applicants; and alumni have an instant cross-country network.

Demonstrable impact. National Directs are able to aggregate their results on a large scale and unify a range of service activities from multiple programs through a focused mission. Lines of accountability for service outcome are that much easier to control and results are easier to collect. Below are some examples:

- Teach for America, serving more than 150,000 students per year, reports that 96% of principals rated their members as excellent or good in terms of achievement, orientation and drive to succeed; and 97% would absolutely hire their members again;
- In 2001, members serving with the National Collaboration for Homeless Veterans provided more than 10,000 homeless individuals, of which nearly 6,500 were homeless veterans, with services including: intake, case management, group support, legal services, transportation and housing;
- Over a three-year period, Community Health Center members provided a "medical home" for 27,644 residents of medically underserved areas; provided 47,266 patient encounters to improved health care utilization and cost effectiveness (including understanding benefits, doctor instructions and

follow up); and generated 23,631 referrals to link patients with other health and social services.

Whether operated by national nonprofits, community- and faith-based organizations, universities, state and city departments, or foundations, AmeriCorps programs work. It is time to take national service to the next level by creating a marketplace through challenges to the private sector, healthy competition, maximized resources and a restored role for National Directs.

In closing, we have a unique and historic opportunity to call all Americans to give back to their communities. We look back at the Greatest Generation with admiration and reverence because they overcame the Great Depression and fought a world war for freedom and democracy. Today, while we fight a global war on terrorism, as President Bush has recognized, there are still great challenges here at home that call for a new great generation. We must capitalize on this unique moment in American history to challenge each and every citizen to answer the call to serve our nation and to build a system of national service that enables them to do so. I believe that if we build that system, every generation of Americans will become a Great Generation, because they will also be challenged to dedicate themselves to great causes larger than themselves. Thanks to our President's leadership, our country's great tradition of service and civic responsibility has the potential to become the personal mission of each and every one of us. The moment is here, but it is brief. It is up to us to secure national service for the next generation of young people and all Americans. Thank you for your leadership, your example and your commitment to making service to community and country an opportunity for all Americans.

Thank you, Mr. Chairman and members of the Committee, for inviting me to speak today and submit testimony. I would be delighted to answer any questions you may have.

Committee on Education and the Workforce

Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: ALAN KHAZEI		
1. Will you be representing a federal, State, or local government entity? (If the answer is yes please contact the committee).	Yes	No ✓
2. Please list any federal grants or contracts (including subgrants or subcontracts) which you have received since October 1, 1999: NONE		
3. Will you be representing an entity other than a government entity?	Yes ✓	No
4. Other than yourself, please list what entity or entities you will be representing: CITY YEAR, INC.		
5. Please list any offices or elected positions held and/or briefly describe your representational capacity with each of the entities you listed in response to question 4: CEO & CO-FOUNDER, CITY YEAR, INC.		
6. Please list any federal grants or contracts (including subgrants or subcontracts) received by the entities you listed in response to question 4 since October 1, 1999, including the source and amount of each grant or contract: PLEASE SEE ATTACHED SHEET		
7. Are there parent organizations, subsidiaries, or partnerships to the entities you disclosed in response to question number 4 that you will not be representing? If so, please list:	Yes	No ✓

Signature: _____ Date: 4/10/02

Please attach this sheet to your written testimony.

CITY YEAR FEDERAL FUNDING (AWARDED)
FY00 - FY02

Please note that our fiscal year runs from July 1 - June 30. Thus, October 1, 1999 was during the first quarter of FY00.

Grant	Amount		
	FY00	FY01	FY02
GO SERV: The Governor's Office on Service and Volunteerism (CA)	$956,087	$1,292,000	$1,292,000
Illinois Commission on Volunteerism and Community Service	$618,709	$982,000	$982,000
Massachusetts Service Alliance	$2,702,120	$2,691,000	$2,420,000
Michigan Community Service Commission	$485,000	$700,000	$700,000
Ohio Community Service Council	$100,000	$1,110,000	$1,110,000
PennSERVE: The Governor's Office of Citizen Service	$1,080,249	$1,635,000	$1,695,000
Rhode Island Service Alliance	$910,000	$910,000	$910,000
South Carolina Commission on National and Community Service	$110,000	$351,000	$363,000
Texas Commission on Volunteerism and Community Service	$851,352	$851,417	$836,636
The Corporation for National and Community Service (National Direct)	$2,231,747	$2,295,747	$2,295,747
Volunteer NH! The New Hampshire Commission on National and Community Service		$280,800	$290,400

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