

# NATIONAL SERVICE TRUST

The National Service Trust (the Trust) was established by the National and Community Service Trust Act of 1993 (42 USC 12601, et seq.) to provide funds for education awards for eligible participants who complete AmeriCorps service. Funding for the Trust comes from appropriations, interest earned, and proceeds from the sale or redemption of Trust investments. The Trust is also authorized to receive gifts or bequests; however, to date, no donations have been received by the Trust. Under the Act, funds are available to:

- » Repay qualified student loans.
- » Pay educational expenses at a qualified institution of higher education.
- » Repay eligible interest expense on student loans.

The value of an education award depends on the term of service performed by an AmeriCorps member. Completion of a full-time term of service, currently requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to a Segal AmeriCorps Education Award of \$4,725. Completion of

a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,362.50. Reduced part-time terms, which provide awards of \$1,000 to \$1,800, are also offered. Education awards earned by AmeriCorps members are available to be used for seven years from the completion of the service. Payments from the Trust are made directly to the educational institutions and the loan holders as directed by the members and by the institutions. Trust funds are not used to pay member stipends or other grant costs.

Table 1 reports the planned activity for Program Year 2007 and actual enrollments to date. The plan is based on the Corporation's enacted funding level for FY 2007. The table also includes similar data on Program Year 2006 for comparative purposes. Member positions (slots) classified as "Certified Not Awarded" have been approved by the Corporation's Chief Executive Officer for award to grantees, but the final grant award has not been executed. For budgetary purposes, these positions are considered commitments in the Trust Fund.

**Table 1. Member Position Award Activity**

Ameri-Corps Program	PROGRAM YEAR 2007					PROGRAM YEAR 2006				
	AWARDED		CERTIFIED NOT AWARDED	PLANNED NOT CERTIFIED	TOTAL <sup>i</sup>	AWARDED		CERTIFIED NOT AWARDED	PLANNED NOT CERTIFIED	TOTAL <sup>ii</sup>
	EN-ROLLED	NOT EN-ROLLED				EN-ROLLED	NOT EN-ROLLED			
State & National	16,590	49,756	32	—	66,378	58,494	11,597	—	—	70,091
VISTA	4,984	—	1,058	—	6,042	4,797	—	—	—	4,797
NCCC	1,057	—	127	—	1,184	1,126	—	—	—	1,126
<b>TOTAL</b>	<b>22,631</b>	<b>49,756</b>	<b>1,217</b>	<b>—</b>	<b>73,604</b>	<b>64,417</b>	<b>11,597</b>	<b>—</b>	<b>—</b>	<b>76,014</b>

i. This total does not include the estimated 1,927 AmeriCorps VISTA members who will elect an end-of-service stipend instead of an education award. In May 2007 an additional 363 minimum time VISTA members were added for the News Orleans youth initiative and additional summer associates.

ii. The original plan provided for 71,500 Trust positions based on the FY 2006 appropriation level. The additional 6,333 positions were included in the plan for new FY 2006 program activity funded using unobligated FY 2005 appropriations that remained available in FY 2006 (including carry over, unused child care, and reallocated formula funds). Approximately 4,300 of these positions were used for formula and competitive grants to five states impacted by hurricanes Katrina, Rita, and Wilma, and other disaster programs. (Note some of these disaster assistance awards cover a three-year period, recognizing the long-term nature of the disaster recovery efforts). The remaining positions were used to supplement formula and competitive grants and for 500 VISTA summer associate positions. An additional 2,057 non-education award positions are projected in the 2006 VISTA program which do not affect the Trust and therefore are not included in the numbers above. As of September 30, 2007, 1,819 Certified Not Awarded positions were decertified, reducing the total Trust positions for program year 2006 to 76,014.

Tables 2 and 3 present information on the assets, liabilities, revenue and expenses of the Trust Fund. The Schedule of Financial Position and Schedule of Operations present information using Generally Accepted Accounting Principles (GAAP), which is the method of accounting for the liability used for financial statement purposes. GAAP requires the recording of a liability which is a point in time estimate of the

unpaid earned and expected-to-be-earned education award and interest forbearance costs which are likely to be claimed. GAAP estimates are for members who have already completed at least 15 percent of the minimum service requirement and who, therefore, have served enough hours to qualify for at least a partial education award.

**Table 2. Schedule of Financial Position**

NATIONAL SERVICE TRUST SCHEDULE OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2007 (DOLLARS IN THOUSANDS)		
<b>Assets</b>		
Fund Balance with Treasury	\$	148
Trust Investments		461,842
Trust Interest Receivable		3,549
Accounts receivable (net of allowance)		<u>7</u>
<i>TOTAL ASSETS</i>		465,546
<b>Liabilities</b>		
Trust Service Award Liability		<u>280,597</u>
<b>Net Position</b>		
Cumulative Results of Operations		<u>184,949</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b><u>465,546</u></b>

**Table 3. Schedule of Operations and Changes in Net Position**

NATIONAL SERVICE TRUST SCHEDULE OF OPERATIONS & CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007 (DOLLARS IN THOUSANDS)		
<b>Revenue</b>		
Appropriations	\$	117,720
Transfer in of Program Funds		—
Interest		<u>19,563</u>
<i>TOTAL REVENUES</i>		\$ 137,283
<b>Expenses</b>		
AmeriCorps Programs		(145,688)
Service Learning Program		(1,627)
(Writeoff)/Recovery of Receivables	\$	<u>1</u>
<i>TOTAL EXPENSES</i>		(147,314)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$</b>	<b><u>(10,031)</u></b>
<b>Net Position</b>		
Excess of Revenue over Expenses		(10,031)
Net Position, Beginning of Year		194,980
<b>NET POSITION, END OF PERIOD</b>	<b>\$</b>	<b><u>184,949</u></b>

The estimate of the Service Award Liability under GAAP includes factors for members who enroll but do not earn an award, and for members who earn an award but do not use it within the seven-year period of availability. The Corporation estimates that up to 81 percent of members earning an award

will eventually use it. Table 4 shows the most significant factors used to calculate Trust obligations on a historical basis. The data used to compute these factors can be found in Table 8, at the end of this report.

**Table 4. Factors affecting the National Service Trust**

	PROGRAM YEAR <sup>i</sup>				
	2003	2004	2005	2006	2007
Member enrollments in the Trust	41,022	62,633	62,824	64,417	22,631
Percent of members earning an education award <sup>ii</sup>	80.3%	80.0%	79.2%	81.0%	76.2%
Percent of earned education awards used <sup>iii</sup>	63.7%	61.0%	46.3%	21.2%	20.7%
Investment Earnings <sup>iv</sup>	4%	3%	3%	3%	2.5%
Breakout of enrollment by term type: <sup>v</sup>					
Full-time	45%	46%	45%	45%	75%
Part-time	23%	17%	18%	16%	7%
Reduced Part-time	32%	37%	37%	39%	18%

i. Program Year refers to positions awarded through, although not necessarily filled in, a particular fiscal year's grant funds. For example, a grantee may receive a grant in FY 2004 but not fill all positions until FY 2005. All positions related to this grant would be considered Program Year 2004 positions irrespective of the year filled. (This definition applies to all positions except for the approximately 20,000 Program Year 2002 positions unfilled at the time of the pause. These "post pause" positions were reclassified as Program Year 2003 positions.) Program Year data reflects all enrollments recorded through September 30, 2007. Prior year enrollment numbers may change slightly due to corrections or late reporting by grantees. In addition, in May 2005 a one-time adjustment was made to correct the assigned program year for NCCC members. While the correction had no effect on total enrollment, the number of NCCC members reported for a given program year may have increased or decreased.

ii. This percentage is calculated by taking the number of members earning an award divided by the total members enrolled (net of members still earning/not exited) for the Program Year to date.

iii. This percentage is calculated by taking the dollar amount of education awards used divided by the total amount earned for the Program Year to date.

iv. Weighted Average Maturity for the Trust investment portfolio of Treasury securities. Used to discount awards for the time value of money.

v. Term type is based on Program Year enrollments to date. It is important because education award projections are based on service type.

Tables 5 and 6 present information on the resources and obligations of the Trust, including the Trust Reserve. The Schedule of Obligations and Schedule of Budgetary Resources presents information on a budgetary basis, which represents the accounting used to determine adherence to Anti-Deficiency Act requirements. Beginning with the September 2006 report the Corporation is also reporting on commitments in the Trust.

Enacted in FY 2003, the Strengthen AmeriCorps Program Act directed that the Corporation record Trust obligations at the time it awards AmeriCorps State/National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members. The amount of the obligations are based on the estimated value of the education benefits, discounted for the estimated enrollment, earning and usage rate,

and the time value of money. For FY 2007 the Corporation is using the following assumptions to calculate Trust obligations: full value of the education award, 100 percent enrollment rate, and earning and usage rates of approximately 80 percent.

The enrollment, earning, and usage rates are more conservative than the rates we have experienced and used previously in determining our budgetary needs. As directed by the Act, the Corporation also established a Trust reserve that will protect the Corporation in the event that the estimates used to calculate obligations differ from actual results. For program years 2002 and prior, the Corporation used the actual amounts earned, adjusted for amounts used and the time value of money when establishing the obligation amount.

**Table 5. Schedule of trust obligations**

NATIONAL SERVICE TRUST SCHEDULE OF TRUST OBLIGATIONS AS OF SEPTEMBER 30, 2007 (DOLLARS IN THOUSANDS)	
<b>Resources</b>	
Trust Cash and Investments (net of resources not available for obligation)	\$ 457,917
Trust Reserve (not available for obligation)	<u>(46,697)</u>
<i>TOTAL RESOURCES</i>	<i>\$ 411,220</i>
<b>Unliquidated Obligations</b>	
Presidential Freedom Scholarships	(994)
Education Awards	(383,654)
Interest Forbearance	<u>(17,826)</u>
<i>TOTAL UNLIQUIDATED OBLIGATIONS</i>	<i>(402,474)</i>
<b>Commitments</b>	
Education Awards	(1,916)
Interest Forbearance	<u>\$ (103)</u>
<i>TOTAL COMMITMENTS</i>	<i><u>(2,019)</u></i>
<b>FUNDS AVAILABLE FOR OBLIGATION</b>	<b>\$ 6,727</b>

**Table 6. Schedule of budgetary resources**

NATIONAL SERVICE TRUST SCHEDULE OF BUDGETARY RESOURCES AS OF SEPTEMBER 30, 2007 (DOLLARS IN THOUSANDS)	
<b>Funds Available for Award, 10/1/06</b>	<b>\$ 25,390</b>
<b>Budgetary Resources</b>	
FY 2007 Trust Appropriation	\$ 117,720
Deobligation of Expired Member Positions	4,557
2007 Trust Reserve	<u>(6,930)</u>
<i>TOTAL BUDGETARY RESOURCES</i>	<i>115,347</i>
<b>Obligations</b>	
Education Awards	(134,307)
Interest Forbearance	(4,255)
Presidential Freedom Scholarships <sup>i</sup>	<u>(1,626)</u>
<i>TOTAL OBLIGATIONS</i>	<i>(140,188)</i>
<b>Net Change in Commitments</b>	
Education Awards	6,382
Interest Forbearance	<u>\$ (204)</u>
<i>NET CHANGE IN COMMITMENTS</i>	<i><u>6,178</u></i>
<b>FUNDS AVAILABLE FOR AWARD</b>	<b>\$ 6,727</b>

i. Past Corporation appropriations made amounts from the Trust available for \$1,000 scholarships for high school students known as Presidential Freedom Scholarships. To fund each scholarship, a local community or corporate source matched the \$500 portion of the scholarship provided by the Corporation. The program was discontinued in FY 2007; however, because students have up to seven years to use the scholarship, some payments will continue to be made over the next several years.

### REFILLED POSITIONS

In FY 2005 the Corporation implemented a limited policy allowing grantees to refill positions vacated before a member served more than 15 percent of his/her service term. In May 2007 this policy was expanded to include positions vacated within 30 percent of service term completion, provided that


the departing member had not earned a pro-rated education award. To prevent over enrollment, the policy includes “fail safe” triggers that restrict the overall number of refills to no more than five percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded positions. Table 7 provides information on the number of positions refilled as of September 30, 2007.

**Table 7. Number of refilled positions**

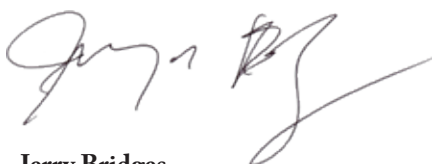
	RESULTS TO DATE				FAIL-SAFE TRIGGER
	PY 2004	PY 2005	PY 2006	PY 2007	
Number of Refilled Positions	243	583	886	0	N/A
Refills as a Percent of State & National Positions	0.36%	0.89%	1.26%	0.00%	5%
State & National Enrollment as a Percentage of Awarded Positions	84.41%	87.10%	83.45%	25.01%	97%

### CHIEF EXECUTIVE OFFICER CERTIFICATION

The Strengthen AmeriCorps Program Act requires that the CEO of the Corporation annually certify that the Corporation is in compliance with the requirements of the Act and obtain an independent audit of the accounts and records demonstrating the manner in which the Corporation has recorded its trust estimates. The Corporation Office of Inspector General contracted with Clifton Gunderson LLP, an independent accounting firm, to perform the audit required by the Act. Based on the Corporation’s analysis and OIG audit results, the Corporation certifies that it complied with the Act for FY 2007.



**David Eisner**  
Chief Executive Officer



**Jerry Bridges**  
Chief Financial Officer

## ENROLLMENT ACTIVITY

Table 8 presents the cumulative activity as of September 30, 2007, for enrollments, earnings, and usage in the Trust for Program Years 1994 through 2007.

**Table 8. Trust enrollment activity**

TRUST ENROLLMENT ACTIVITY PROGRAM YEARS 1994 THROUGH 2007								
Program Year	TYPE	MEMBERS			EARNED AN AWARD	DID NOT EARN	AMOUNT EARNED	AMOUNT USED
		MEMBERS ENROLLED	EARNING OR NOT EXITED					
1994	Full Time	15,331	0	11,463	3,868	\$48,266,389.19	\$35,300,853.67	
	Part Time	6,264	0	4,172	2,092	\$8,988,028.17	\$6,692,054.29	
	Reduced Part Time	2,815	0	2,433	382	\$2,468,981.29	\$1,751,542.00	
	<b>TOTAL</b>	<b>24,410</b>	<b>0</b>	<b>18,068</b>	<b>6,342</b>	<b>\$59,723,398.65</b>	<b>\$43,744,449.96</b>	
1995	Full Time	17,551	0	13,563	3,988	\$61,095,280.87	\$46,173,258.39	
	Part Time	6,850	0	4,361	2,489	\$9,548,664.63	\$6,944,434.58	
	Reduced Part Time	577	0	493	84	\$481,481.98	\$349,740.58	
	<b>TOTAL</b>	<b>24,978</b>	<b>0</b>	<b>18,417</b>	<b>6,561</b>	<b>\$71,125,427.48</b>	<b>\$53,467,433.55</b>	
1996	Full Time	17,634	0	13,320	4,314	\$60,767,425.91	\$47,430,869.84	
	Part Time	6,942	0	4,467	2,475	\$10,085,197.90	\$7,154,491.06	
	Reduced Part Time	593	0	505	88	\$499,514.66	\$394,179.93	
	<b>TOTAL</b>	<b>25,169</b>	<b>0</b>	<b>18,292</b>	<b>6,877</b>	<b>\$71,352,138.47</b>	<b>\$54,979,540.83</b>	
1997	Full Time	23,261	0	17,295	5,966	\$79,323,579.34	\$62,376,515.16	
	Part Time	12,832	0	7,083	5,749	\$15,939,868.60	\$11,671,829.64	
	Reduced Part Time	3,677	0	2,975	702	\$2,904,130.87	\$2,315,198.17	
	<b>TOTAL</b>	<b>39,770</b>	<b>0</b>	<b>27,353</b>	<b>12,417</b>	<b>\$98,167,578.81</b>	<b>\$76,363,542.97</b>	
1998	Full Time	24,750	0	17,903	6,847	\$82,264,571.93	\$64,930,686.07	
	Part Time	11,156	0	6,208	4,948	\$14,031,027.14	\$10,184,815.20	
	Reduced Part Time	5,101	0	3,829	1,272	\$3,799,775.12	\$3,002,401.80	
	<b>TOTAL</b>	<b>41,007</b>	<b>0</b>	<b>27,940</b>	<b>13,067</b>	<b>\$100,095,374.19</b>	<b>\$78,117,903.07</b>	
1999	Full Time	23,294	0	17,016	6,278	\$78,324,396.27	\$61,178,564.13	
	Part Time	11,333	0	6,915	4,418	\$15,636,042.42	\$11,041,047.22	
	Reduced Part Time	7,260	0	5,862	1,398	\$6,095,874.28	\$4,820,163.26	
	<b>TOTAL</b>	<b>41,887</b>	<b>0</b>	<b>29,793</b>	<b>12,094</b>	<b>\$100,056,312.97</b>	<b>\$77,039,774.61</b>	
2000	Full Time	26,205	14	19,078	7,113	\$87,902,406.62	\$65,806,395.03	
	Part Time	13,213	11	8,466	4,736	\$19,408,256.70	\$12,913,557.46	
	Reduced Part Time	13,619	15	10,270	3,334	\$10,643,676.27	\$8,252,689.28	
	<b>TOTAL</b>	<b>53,037</b>	<b>40</b>	<b>37,814</b>	<b>15,183</b>	<b>\$117,954,339.59</b>	<b>\$86,972,641.77</b>	

Table continued...

TRUST ENROLLMENT ACTIVITY PROGRAM YEARS 1994 THROUGH 2007							
Program Year	TYPE	MEMBERS				AMOUNT EARNED	AMOUNT USED
		MEMBERS ENROLLED	EARNING OR NOT EXITED	EARNED AN AWARD	DID NOT EARN		
2001	Full Time	29,456	22	22,592	6,842	\$104,373,395.80	\$74,653,703.96
	Part Time	13,834	15	8,906	4,913	\$20,165,005.40	\$12,720,577.28
	Reduced Part Time	15,827	17	12,468	3,342	\$12,965,671.64	\$9,422,382.06
	<b>TOTAL</b>	<b>59,117</b>	<b>54</b>	<b>43,966</b>	<b>15,097</b>	<b>\$137,504,072.84</b>	<b>\$96,796,663.30</b>
2002	Full Time	28,138	8	23,170	4,960	\$107,715,353.62	\$75,979,520.79
	Part Time	9,428	8	6,493	2,927	\$14,854,553.64	\$9,179,692.68
	Reduced Part Time	10,842	0	8,118	2,724	\$9,300,854.33	\$6,710,939.54
	<b>TOTAL</b>	<b>48,408</b>	<b>16</b>	<b>37,781</b>	<b>10,611</b>	<b>\$131,870,761.59</b>	<b>\$91,870,153.01</b>
2003	Full Time	18,322	37	15,238	3,047	\$70,073,051.60	\$45,008,273.14
	Part Time	9,424	29	7,065	2,330	\$16,279,734.20	\$9,435,963.27
	Reduced Part Time	13,276	16	10,589	2,671	\$12,083,786.39	\$8,277,977.87
	<b>TOTAL</b>	<b>41,022</b>	<b>82</b>	<b>32,892</b>	<b>8,048</b>	<b>\$98,436,572.19</b>	<b>\$62,722,214.28</b>
2004	Full Time	29,023	14	24,347	4,662	\$113,087,728.20	\$69,973,632.87
	Part Time	10,833	132	7,588	3,113	\$17,454,471.61	\$9,047,772.80
	Reduced Part Time	22,777	69	17,971	4,737	\$20,738,709.55	\$13,262,356.07
	<b>TOTAL</b>	<b>62,633</b>	<b>215</b>	<b>49,906</b>	<b>12,512</b>	<b>\$151,280,909.36</b>	<b>\$92,283,761.74</b>
2005	Full Time	28,317	470	22,801	5,046	\$105,783,690.40	\$48,983,843.34
	Part Time	11,136	1,220	7,225	2,691	\$16,606,131.96	\$6,668,578.73
	Reduced Part Time	23,371	793	17,737	4,841	\$19,971,938.85	\$10,309,339.47
	<b>TOTAL</b>	<b>62,824</b>	<b>2,483</b>	<b>47,763</b>	<b>12,578</b>	<b>\$142,361,761.21</b>	<b>\$65,961,761.54</b>
2006	Full Time	28,567	5,700	18,941	3,926	\$87,997,077.93	\$18,078,499.75
	Part Time	10,475	4,438	4,240	1,797	\$9,752,397.95	\$1,508,756.70
	Reduced Part Time	25,375	7,031	15,095	3,249	\$16,850,857.39	\$4,686,092.03
	<b>TOTAL</b>	<b>64,417</b>	<b>17,169</b>	<b>38,276</b>	<b>8,972</b>	<b>\$114,600,333.27</b>	<b>\$24,273,348.48</b>
2007	Full Time	17,014	16,049	468	497	\$2,046,741.78	\$480,200.31
	Part Time	1,684	1,668	0	16	\$0.00	\$0.00
	Reduced Part Time	3,933	2,534	1,346	53	\$1,350,696.43	\$223,633.75
	<b>TOTAL</b>	<b>22,631</b>	<b>20,251</b>	<b>1,814</b>	<b>566</b>	<b>\$3,397,438.21</b>	<b>\$703,834.06</b>
<b>TOTAL, 1994-2007</b>		<b>611,310</b>	<b>40,310</b>	<b>430,075</b>	<b>140,925</b>	<b>\$1,397,926,418.83</b>	<b>\$905,297,023.17</b>