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C O R P O R A T I O N

F O R N A T I O N A L



S E R V I C E

OFFICE OF THE INSPECTOR GENERAL

Review of the 1994 AmeriCorps National Direct
Grant Award Process

This report is issued to the Corporation for National and Community Service and contains recommendations to improve the efficiency and effectiveness of the Corporation's operations. As required by OMB Circular A-50, the Corporation must make a final management decision within 180 days of the report.

The Inspector General must approve any request for public release of the report.

**Corporation for National Service
Office of Inspector General**

**Review of 1994 AmeriCorps National Direct
Grant Award Process**

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**Corporation for National Service
Office of Inspector General**

**Review of 1994 AmeriCorps National Direct
Grant Award Process**

In response to a request from Senators Christopher S. Bond and Charles E. Grassley, we performed a review of the 1994 AmeriCorps National Direct Grant Award process conducted by the Corporation for National Service. The purpose of our review was to assess whether the Corporation exceeded its discretion in awarding grants to organizations that received relatively low scores during a peer review process, thereby skipping over many organizations who scored higher.

RESULTS IN BRIEF

We found that the Corporation acted within its discretion when it awarded grants to lower-ranked applications at the expense of higher-ranked applications. Overall, we found that the Corporation decided to award grants to lower-rated applicants consistent with its methodology and the statutory and regulatory selection criteria governing competitive grant awards. While we found one award to a low-ranked grantee that it treated as a higher-ranked application, the Corporation had a reasonable basis to conclude that the peer review score that resulted in the application's poor ranking was inappropriately low. Thus, the Corporation acted within its discretion in treating that application as a higher scoring proposal.

However, we also found several areas where the Corporation could improve its future AmeriCorps National Direct grant competitions. In particular, we found that the peer review process for the 1994 AmeriCorps National Direct grant competition gave the Corporation little assurance that it could rely on the scores assigned by peer review panels to compare grant proposals against one another. The variances in scores assigned to particular grantees could be attributed to differences in scoring practices of each panel, rather than the relative merits of individual applications. Thus, the scores from different peer review panels were not an effective basis of comparison between grant applications.

Based on what we learned during our review, we have a number of recommendations on how the Corporation could improve its future AmeriCorps National Direct grant competitions. Our recommendations include:

- adopting a comprehensive set of written procedures for the Corporation's grant award process;
- implementing a specific set of quality controls over Corporation grant competitions (including preparing specific written justifications for its grant award decisions and adopting regularly scheduled external quality control reviews of its grant award process); and
- redesigning the AmeriCorps National Direct grant application peer review process to provide greater assurance that the Corporation can rely upon the results of its peer reviews as an indicator of the relative worthiness of grant proposals.

The Corporation's response to our report is included as Appendix C. In its response, the Corporation stated that it is in general agreement with our conclusions. In response to our finding about limited value of the fiscal year 1994 peer review results, the Corporation stated that its revised practices of placing applications in broad tiers and using a statistical process to handle differences in scoring among panels will mitigate the problems that we found. In regard to our finding that the Corporation treated one low-ranked grantee (City Year, Inc.) as though it was a higher-ranked application, the Corporation stated that its award to City Year was based in part on a statutory preference for programs funded by the former Commission on National and Community Service.¹ The Corporation's response also generally indicates that it will take actions to improve its grant award processes consistent with our recommendations.

BACKGROUND

AmeriCorps National Direct Grants

Under the National and Community Service Act of 1990, as amended, the Corporation for National and Community Service awards AmeriCorps grants to finance service programs throughout the United States. In 1994, the Corporation had about \$155.5 million available to distribute to finance AmeriCorps programs. As required by the Act, the Corporation made most of those funds (\$103.6 million) available to Commissions on National and Community Service in each state, which in turn were to award grants to AmeriCorps programs within their states. However, the Corporation was responsible for competitively awarding up to \$48.8 million in grants directly to AmeriCorps programs run by subdivisions of states, public or private nonprofit organizations, institutions of higher learning, and Federal agencies.² From late April through early June of 1994, the Corporation held its competition for these AmeriCorps National Direct grants. Out of 238 applications, the Corporation awarded 59 AmeriCorps National Direct grants, totaling about \$46.3 million.

Why OIG Conducted This Review

On September 26, 1995, Senators Bond and Grassley asked OIG to review the Corporation's 1994 National Direct AmeriCorps grant award process. (See Appendix A.) Specifically, the requestors asked us to determine whether the Corporation had abused its discretion in awarding the grants. The requestors were concerned that the Corporation had awarded AmeriCorps grants to organizations that received relatively low scores during a peer review process, thereby skipping over many organizations who scored higher.

¹However, the document which forwarded the Chief Executive Officers' recommendations to the Board of Directors on which 1994 AmeriCorps National Direct applications to accept specifically stated that City Year did not receive a statutory preference as a former Commission grantee.

² The remainder of the \$155.5 million, about \$2.1 million, was to be made available to U.S. territories and Indian tribes to finance other AmeriCorps projects.

We conducted our review in Washington, D.C. from September 27, 1995 to January 19, 1996. Our work during the review primarily consisted of reviewing Corporation records documenting the grant competition, and interviewing Corporation officials who oversaw or administered the competition. We did our work in conformance with generally accepted government auditing standards.

Selection Requirements and CNS's Decision-making Model

The Act sets out certain criteria that the Corporation must apply in competitively awarding AmeriCorps National Direct grants, and authorizes the Corporation to establish additional criteria. We reviewed the selection criteria specified in the Act, Corporation regulations, and the 1994 AmeriCorps National Direct grant application. For purposes of our review, we classified the selection criteria under two general types. The first type consisted of selection criteria that the Corporation could apply to each application on its individual merits. These criteria included evaluations of the overall quality of a program and its leadership, the extent of community involvement in the program, how sustainable and replicable the program was, and whether the program had adopted innovative ways of providing service. The second type consisted of criteria that required the Corporation to assess the overall profile of possible AmeriCorps National Direct programs. These criteria included ensuring coverage of the national service priority areas (established by the Corporation under 42 U.S.C. § 12572(c)), trying to achieve geographic diversity in programs, testing the effect of concentrating programs in a small geographic area, and ensuring the diversity of AmeriCorps participants in programs.

In addition, the Act specified that the Corporation must establish panels of experts to make recommendations on applications for grants in excess of \$250,000. The Act also specified that the Corporation had to consider the panels' opinions before deciding on grant awards.

From the available documentation and interviews with Corporation officials who oversaw or administered the grant competition, we learned that the Corporation had adopted an informal decision-making model for applying the selection criteria and choosing which programs to fund. First, Corporation officials wanted to fund a core group of proposals that displayed the highest overall quality. During the review process, Corporation officials referred to those programs that they felt could be within this core group as "Tier I" programs. After establishing this core, Corporation officials wanted to select from a pool of well-qualified proposals to "round out" its overall profile of AmeriCorps National Direct programs. The Corporation intended this process of rounding out to ensure that it adequately considered the overall profile selection criteria. During the review process, Corporation officials referred to this pool of well-qualified programs as "Tier II" programs.³ To ensure that they had sufficient Tier II programs to choose from, Corporation

³The Corporation has also identified four applications for AmeriCorps National Direct grants from programs that had received prior grants under the Act from the former Commission on National and Community Service (a predecessor agency to the Corporation). Because the Act, as amended, allowed the Corporation to give former Commission grantees a preference in AmeriCorps grant competitions, the Corporation staff placed these four applications in a separate group to be considered before Tier II programs. However, because the preference available to these grantees is similar to other statutory and regulatory selection criteria that would be used to select Tier II programs, we have classified these former Commission grantees with the Tier II programs.

officials intentionally designated more Tier II programs than they knew could be awarded AmeriCorps National Direct grants.

The 1994 AmeriCorps National Direct Grant Application Review Process

To apply the selection criteria, and to carry out its informal decision-making model, the Corporation conducted two general types of reviews of the applications for 1994 AmeriCorps National Direct grants. First, as required by the Act, the corporation established panels of outside experts to make recommendations on applications.⁴ Second, Corporation officials independently reviewed many applications, and interviewed representatives from a select number of applicant programs.

For the panels of outside experts, the Corporation brought in 150 peer reviewers. These peer reviewers included experts in community service, community service program directors (but none from applicants), and others brought in to ensure diversity of viewpoints, to sit on 30 peer review panels.⁵ The panelists each individually read and evaluated from six to 13 applications according to the individual selection criteria discussed above. With a facilitator, the panel then completed a consensus review form for each application. The review form contained focus questions related to the selection criteria, and incorporated weights that the Corporation had established--Quality (70%); Sustainability (15%); and Innovation and Replicability (15%). The panels used the review forms to compute a composite score for each application. The composite scores, based upon a 100-point scale, were used to rank the applications reviewed by each panel. Several of the top-ranked proposals from each panel were then cross-read and reranked by a consolidated panel consisting of two of the initial panels. Several of the highest-ranking proposals from each cross-read panel then advanced to a third panel for a new review and ranking. During the cross-read and third panel reviews, the proposals were ranked, but not rescored.

In addition, the Corporation engaged in a series of internal staff reviews of the AmeriCorps National Direct Grant applications. First, Corporation program office staff, using the results of the peer reviews and their own reviews of some of the applications, identified 77 programs as either Tier I or Tier II proposals to keep under active consideration.⁶ The Corporation program staff also prepared summaries of and conducted a series of briefings to senior Corporation officials on the Tier I and Tier II proposals. The summaries and briefings were intended to describe the proposals, and to address any questions and concerns about the proposals.

⁴ The Act required the Corporation to establish expert panels to review applications that requested more than \$250,000 in funds. However, the Corporation established panels to review all applications, regardless of the amount requested.

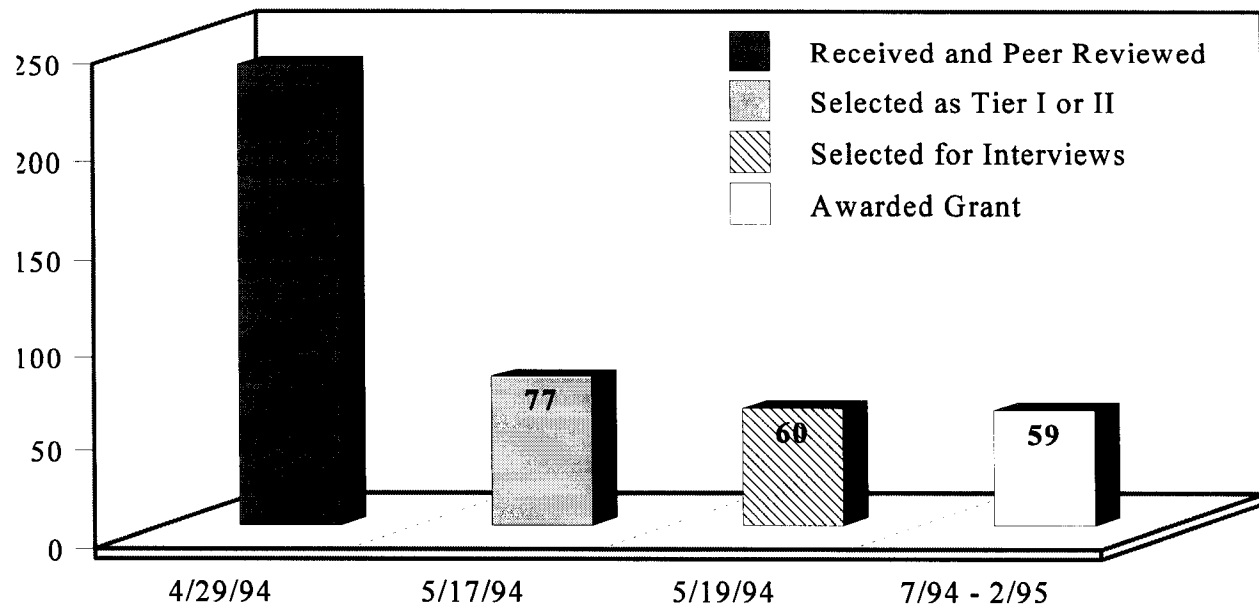
⁵ Six panels reviewed only applications for grants from Federal agencies. The remaining panels reviewed applications from non-federal applicants, but were split between applications for operating grants (18 panels); and planning grants (six panels).

⁶ The remaining 161 programs were identified by the Corporation program staff as "tentative cuts." In general, these programs were not under active consideration following the peer review process. However, several of these programs were considered as part of the process of "rounding out" the overall profile of AmeriCorps programs, as discussed above.

Based on this information from the Corporation staff, senior Corporation officials selected 60 of the applicants and invited their representatives to attend interviews about their proposals. Corporation program staff and senior staff conducted the interviews, with other Corporation officials knowledgeable about certain issues presented by particular applications. The interviews served two principal functions, to allow applicants to address questions concerning their proposals, and to allow Corporation officials to assure themselves that well-written applications would in fact be backed up by well-run programs. After the interviews, the Corporation's Chief Executive Officer recommended to the Board of Directors that they approve 60 proposals for grant negotiations.⁷

Eventually, the Corporation awarded 59 AmeriCorps application National Direct grants, totaling about \$46.3 million. Figure 1 shows the number of grant applications (from both Federal agencies and nonprofit organizations, and including applications for operating and planning grants) that the Corporation had under active consideration at key points in the 1994 AmeriCorps National Direct grant application review and award process.

Figure 1: Number of 1994 AmeriCorps National Direct Applications (Federal Agencies and National Nonprofit Organizations) Under Consideration at Key Points



⁷Because the members of Corporation Board of Directors created under the National and Community Service Trust Act of 1993 had not yet been appointed by the President and confirmed by the Senate, this function was performed by the Directors of the prior Commission on National and Community Service. The Directors also authorized the Corporation's Chief Executive Officer to negotiate with and award grants to other Tier II programs, if funds were available.

FINDINGS

Peer Review Panel Process Did Not Yield Comparable Scores

We found that the Peer Review process for 1994 AmeriCorps National Direct grant competition gave the Corporation little assurance that it could rely on the scores assigned by peer review panels to compare grant proposals against one another. The variances in scores assigned to particular grantees could be attributed to differences in scoring practices of each panel, rather than the relative merits of individual applications. Thus, the scores from different peer review panels were not an effective basis of comparison between grant applications.

Our analysis of the scores assigned by each of the panels indicates that the panels may have applied different standards in assigning their ratings. For example, the score for the highest rated application assigned by panels ranged widely, from 59 to 98.5 on a 100-point scale. This wide variance is also reflected in an examination of the 50 highest-scoring applications.⁸ The top 50 group would have included six applications that were ranked third by their initial peer review panels, but would have excluded five applications ranked first by other panels.

In addition, the panels varied significantly in the range of scores they assigned to the group of applications they reviewed. One panel clustered its applications tightly, with only 22 points separating the highest from the lowest scores. Another panel assigned a wide range of scores, with the high and low differing by 78.5 points. These variances indicate that the differences in scores between applications rated by different panels could be as much of a reflection of the different standards applied by the panels as the relative merit of the applications.

Corporation Acted Within its Discretion in Awarding Grants to Lower-ranking Applicants

We found that the Corporation acted within its discretion when it awarded grants to lower-ranked programs at the expense of other higher-ranked applications. In general, we found that the Corporation made its decisions to award grants to lower-rated applicants consistent with its informally adopted methodology and the statutory and regulatory selection criteria. We found one award to a low-ranked grantee that was treated as a higher-ranked application. However, the Corporation had a reasonable basis to conclude that the peer review score that resulted in the application's poor ranking was inappropriately low. Accordingly, the Corporation acted within its discretion in treating that application as a higher scoring proposal.

Because we found that the scores from different peer review panels were not an effective basis of comparison between grant applications, we devised a different means to assess whether the Corporation improperly awarded grants to lower quality programs at the expense of higher quality applications. Because the Congressional requestors were most concerned about higher scoring national nonprofit agencies that were not awarded grants, we excluded the 17 AmeriCorps National

⁸The Corporation announced in its AmeriCorps National Direct application that it anticipated awarding about 50 National Direct grants.

Direct Grants, totaling \$14.7 million, that were awarded to Federal agencies.⁹ We also excluded the 10 planning grants awarded by the Corporation, totaling about \$1.2 million.¹⁰ The remaining 32 operating AmeriCorps National Direct Grants totaled about \$30.4 million, about 66% of the amount of AmeriCorps National Direct Grants awarded in 1994.

Because of the variances we found in scoring patterns by different panels, we used the relative rankings that each application received from their peer review panels as an indicator of the overall quality of each application. We categorized the 32 non-federal agency programs that were awarded grants according to the highest ranking the application received during the peer review process, as shown in figure 2.

Figure 2. Distribution of Non-Federal Applicants for AmeriCorps National Direct Grants by Highest Ranking Achieved in Peer Review Process

Highest Ranking Achieved	Grants Awarded	%	Amount Awarded	%
First	14	44%	\$ 13,336,676	44%
Second	7	22%	8,856,927	29%
Third	4	13%	2,412,200	8%
Lower than third	7	22%	5,838,722	19%
Totals	32	100%	\$ 30,444,525	100%

Based on this distribution, we chose to concentrate our further analysis on the seven lowest-ranked, non-Federal grantees. These grantees constitute the group of “lower quality” applicants that were funded in lieu of higher-ranked applications, which was the main concern expressed in the Congressional request.

Under its informal decision-making model (taking the overall highest quality applications and adding lower-ranked applications to round out the overall profile of programs), the Corporation should have awarded these grants based upon applying the overall profile type of statutory and regulatory criteria that we identified. Therefore, we tested whether the decisions to award grants to the lowest-ranked proposals reflected the proper application of the overall profile criteria.

⁹As authorized by the Act, the Corporation reserved a specific amount of funds to award to Federal agencies. Further, the Corporation structured its application review process so that Federal and non-federal applications did not compete for grant funds.

¹⁰We excluded planning grants for several reasons. First, planning grant applications typically sought or were awarded very modest funding levels, so the impact on applications for high dollar operating grants was minimal. In addition, the planning grants are specifically intended to help improve potentially promising programs that are not ready for full funding. Thus, awarding planning grants to some lower-ranking applications is to be expected.

To test whether the awards to the lowest-ranked proposals were based on the Corporation applying the overall profile criteria, we interviewed Corporation Program and Senior Staff who participated in and observed the Corporation’s internal evaluation of the grant applications. From those interviews, we determined the most frequently cited criteria that Corporation officials considered in reviewing these seven applications. We then reviewed the criteria cited in each case to determine whether the criteria were authorized under the Act, Corporation regulations, and the grant application. We also reviewed the grant applications for the grantees, and the program descriptions for the other Tier II non-federal applications, to determine if the valid criteria were appropriately applied in each case. Figure 3 shows the highest ranking achieved and the grant amount awarded to the seven grantees we tested.

Figure 3. Seven Lowest-Ranked Non-Federal Applications Awarded AmeriCorps National Direct Operating Grants in 1994

Grantee	Highest Rank	Amount Awarded
City Year, Inc.	4	\$ 2,800,000
Kansas City Consensus	7	954,800
New York University	4	795,523
ASPIRA Assoc., Inc.	4	611,613
NACCRRA*	6	574,736
Environmental Careers Org.	4	100,000
Philadelphia Bar Foundation	7	2,050
Total		\$ 5,838,722

*National Association of Child Care Resource and Referral Agencies

In general, we found that the Corporation acted appropriately in awarding grants to lower-ranked grantees. A summary of our analysis is attached as Appendix B. For six of the seven grantees we tested, Corporation officials cited appropriate overall profile selection criteria in choosing the grantees. Further, our review of the available documentation shows that these overall profile selection criteria were appropriately applied to the six grantees. However, we found that the grant to City Year, Inc., the largest grantee among those we tested, was not awarded under the Corporation’s informal methodology. Rather, Corporation officials treated City Year as a higher-ranked program.

In general, Corporation staff considered the low peer review scores that City Year received as not indicative of the quality of City Year’s program. For example, one senior Corporation official with overall responsibility of the grant application review process stated that she read the proposal and found it to be very “abstract.” This official also stated that she was concerned about a bias against City Year among the peer reviewers. This official sat in on the peer review panel of the City Year proposal (as part of her practice of sitting in on about 15 of the peer review discussions to ensure that

panelists were appropriately considering proposals). As a result of sitting in on the discussion, this official stated that she was concerned that the panel was biased against City Year's proposal.

This senior official also stated that she specifically advocated giving City Year a grant, not based on its application but based upon her experience with City Year as a grantee of the Commission on National and Community Service. This official stated that City Year was the "premiere" service program with the most experience, and that City Year was the best program at achieving diversity among its participants (achieving a good racial mixture, along with involving both low income and college bound members). This senior official also stated that she felt that there was some greater commitment to City Year as a former Commission grantee, because the Commission grants were originally for three years and were being superseded by the AmeriCorps programs. In addition, some Corporation officials stated that in an initial year for AmeriCorps National Direct grants, City Year was a low risk, high profile program, and that it would have been unusual to begin the AmeriCorps programs without including City Year.

All things considered, however, we do not conclude that Corporation officials acted inappropriately in awarding a grant to City Year. Although the Corporation was required to have peer review panels for all proposals seeking more than \$250,000, the Corporation was only required to take the panels' views into account. In the case of City Year, the Corporation did not reject the results of the peer review process out of hand; rather, a high-ranking Corporation official observed the deliberations of the panel and became concerned about its objectivity. Moreover, although Corporation officials based their decisions on their past experience and not the specific grant application, they relied upon appropriate criteria in evaluating the City Year program. The factors cited by the Corporation staff dealt with the quality, innovation, sustainability, and the extent of private sector support of the City Year program. These are all factors included in the statutory and regulatory selection criteria for AmeriCorps National Direct grants. Thus, while the selection of City Year was done somewhat outside the established process, Corporation officials applied appropriate criteria in deciding to award the grant.

RECOMMENDATIONS TO IMPROVE AMERICORPS NATIONAL DIRECT GRANT COMPETITIONS

Based on what we learned during our review, we have a number of recommendations on how the Corporation could improve its future AmeriCorps National Direct grant competitions. First, we recommend that the Corporation adopt a comprehensive set of written procedures stating how it will apply the statutory and regulatory selection criteria in deciding which grant proposals it will fund. Further, we recommend that the Corporation include in its formal procedures a specific set of quality controls over its grant competitions.

In regard to possible quality controls, there are a number of practices which we think the Corporation should consider. Specifically, the Corporation should consider:

- preparing a written justification for each proposed decision to accept or decline a grant application;
- requiring these written justifications to specifically address the reasons why a proposed decision deviates from the results of the peer review process;
- subjecting these written justifications to at least one level of review before the decisions become final; and
- adopting regularly scheduled external quality control reviews of its grant award process.

Adopting these quality controls will help assure the Corporation, the Congress, and the public of the integrity of the Corporation's AmeriCorps grant competitions.

Finally, we also recommend that the Corporation redesign its peer review process. The Corporation's practice of having panels review only a small group of applications heightens the possible effect of any peer reviewers that score differently from the norm. The Corporation should consider adopting the practices of other agencies, such as the National Science Foundation (which has a single panel review all the applications competing for grant funds within a particular program). By restructuring its peer review process, the Corporation could have much greater assurance that it can rely upon the results of its peer reviews as an indicator of the relative worthiness of AmeriCorps National Direct grant proposals.

United States Senate

WASHINGTON, DC 20510

September 26, 1995

Ms. Louise Jordan
Inspector General
Corporation for National Service
1201 New York Ave., NW
Washington, D.C. 20525

Dear Ms. Jordan:

We are writing to you regarding possible politicization of the grants-making process in the Corporation for National Service's (CNS) AmeriCorps program. It appears that in many cases, CNS disregarded traditional grant management procedures in deciding who would receive FY 1994 national direct AmeriCorps grants.

At our request, CNS provided our offices data on the scores of grant applications. Specifically, CNS has in several cases awarded AmeriCorps grants to organizations that received very low scores during the review process. In making these awards, CNS skipped over dozens of grant applications that received scores twice as high as ones that were actually funded -- these included such organizations as Big Brothers/Big Sisters and Goodwill.

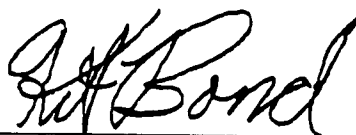
CNS received 221 applications for the national direct AmeriCorps program. CNS funded 45 of these programs. In making funding decisions, CNS skipped over 136 applications, or 61.5% of total applications that received higher scores. For example, CNS funded the National Endowment for the Arts, which was 119th in scoring, skipping over 67 other applicants in order to do so.

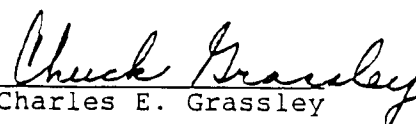
It is understandable that program administrators will not follow in lock-step the scoring decisions made by independent review panels. However, it appears that in the case of CNS these decisions have gone beyond normal discretion.

It is our understanding that your office is already investigating possible abuses of grants administration at CNS. We would ask that you include our concerns in your ongoing investigation.

Thank you for your review of this important matter.

Sincerely,


Christopher S. Bond


Charles E. Grassley

OIG ANALYSIS OF LOWEST RANKED 1994 AMERICORPS NATIONAL DIRECT GRANTEES			
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
CITY YEAR, INC.	47	4	Tier II
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
<p>Score was inappropriately low due to City Year's inattention to its proposal and the possible bias of the peer review panel against City Year.</p> <p>Former Commission staff were familiar with the program and its quality, and recommended funding based on that understanding.</p>		<p>CNS actions were reasonable. CNS did not reject the results of the peer review process out of hand. A high-ranking CNS official observed the deliberations of the panel and became concerned about its objectivity.</p> <p>Although the CNS staff based their decisions on their past experience and not the specific grant application, they applied appropriate criteria in evaluating the City Year program (such as the quality, innovation, sustainability, and the extent of private sector support of the City Year program).</p>	
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
KANSAS CITY CONSENSUS	44	7	Tier II
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
<p>Concentration of participants in a single metropolitan area.</p>		<p>Of the Tier II programs, Kansas City Consensus offered the highest concentration of AmeriCorps members in a discrete geographic area.</p>	

OIG ANALYSIS OF LOWEST RANKED 1994 AMERICORPS NATIONAL DIRECT GRANTEES			
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
NEW YORK UNIVERSITY	59	4	Tier II
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
Participant diversity through consortium with historically black colleges and universities. Program Covered Public Safety priority areas.		NYU provided CNS with some assurance that there would be a significant amount of African American AmeriCorps members. The NYU application was focused on the priority area of Public Safety/Crime Prevention. There were no other Tier II programs which specifically focused on Crime Prevention.	
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
ASPIRA ASSOCIATION, INC.	68.5	4	Tentative Cut
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
Participant diversity through concentration on recruiting Hispanic participants. Program covered public safety priority areas.		ASPIRA provided CNS with some assurance that there would be a significant amount of Latino American AmeriCorps members. The ASPIRA application was focused on the priority area of Public Safety/Crime Prevention. Only one Tier II program (NYU) specifically focused on Crime Prevention.	

OIG ANALYSIS OF LOWEST RANKED 1994 AMERICORPS NATIONAL DIRECT GRANTEES			
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
NATIONAL ASSOC. OF CHILD CARE RESOURCE AND REFERRAL AGENCIES	58	6	Tier II
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
Program covered School Preparedness priority area.		With only one other Tier II program addressing the area of school readiness, CNS was justified in selecting NACCRRRA to ensure that it was adequately covering the school readiness priority area.	
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
ENVIRONMENTAL CAREERS ORG.	70.5	4	Tier I
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
Professional corps program.		Having received only four professional corps applications that were classified as Tier I or II, the Corporation was justified in giving ECO special consideration on this basis.	
Participant diversity through an intergenerational participant program model.		There was only one other program that specifically offered an intergenerational participant model. However, other programs did offer specific emphasis of older participants. This factor alone would not have justified an award to ECO.	
Low program cost.		ECO's budget offered a 59% non-federal share of operating costs and 100% of living allowances and other participant support costs. These significantly exceed the minimums of 25% and 15%, respectively.	

OIG ANALYSIS OF LOWEST RANKED 1994 AMERICORPS NATIONAL DIRECT GRANTEES			
Grantee	Peer Review Score	Highest Peer Ranking	Initial CNS Staff Evaluation
PHILADELPHIA BAR FOUNDATION	37	7	Tier II
Overall Profile Selection Criteria Cited by CNS Staff		OIG Analysis	
Professional corps.		Having received only four professional corps applications that were classified as Tier I or II, the Corporation was justified in giving Philadelphia Bar Foundation special consideration on this basis.	
Low program cost.		Philadelphia Bar Foundation requested a total grant amount of only \$2,050. Since the staff had rated the program as Tier II, there was no financial reason not to award this grant.	

Response to Inspector General Report Review of 1994 National Direct Grant Award Process

We have completed our review of the Inspector General's (IG) report on the 1994 grant award process and find the conclusions to be generally in accord with Corporation policy and practices and to reflect issues and strategies we agree with, have discussed and are implementing. This document describes the Corporation's grant review policies, changes we have made or plan to make in our structure and systems, and only two areas in which we take issue with the report.

Grant Application Review Policies and Background

The purpose of the Corporation's application review and selection process is to select organizations with the capacity to manage and operate the highest quality AmeriCorps programs, following the criteria, guidelines and preferences mandated by the law. The only way to do so is through a deliberate, multi-stage process that includes quality assessment of written applications, staff analysis of the higher quality applications to meet statutory requirements, and site visits to or interviews with the responsible program staff before final decisions are made. When it first developed its award system, the Corporation reviewed systems used in other government agencies and foundations, talked with experts in the field and applied the experience of the former Commission on National and Community Service in reviewing and selecting programs from a very high volume of applications in a very short timeframe.

In large, non-profit organizations a professional grant writer often prepares grant applications to the government and foundations. Good grant writers work closely with the program staff who will manage the grant program as they prepare applications. Many small, community-based organizations do not have this capacity, but do have the capacity to manage high quality programs that meet local needs. It is frequently difficult to see through poor programs that have good grant writers as opposed to excellent programs that have unsophisticated grant writers. Congress undoubtedly recognized this fact when it stated that the Corporation must "consider the opinions of panels of experts" rather than be controlled by them [42 U.S.C. 12585(d)(4)]. The Corporation's combination of steps in the review and selection process allows for a system of checks and balances that help the staff assure selection of high quality programs, not just well-written applications. Through a sequential combination of steps the Corporation can:

- initially **rank** the written applications for quality through a peer review process;
- **apply statutory requirements for diversity** by geographic area, needs, program model, priorities, and participant demographics through a staff and board analysis process; and

- **assess the capacity of the applicant's program staff** to operate a high quality program through an interview process and to answer any remaining questions.

There are many different types of systems that attempt to accomplish this. After review of other systems used by government agencies and private foundations, the Corporation based its system primarily on that used by the National Science Foundation. It was chosen for the initial year because the Corporation was expecting a very large volume of applications for a very few grants and had to evaluate and select grantees in a very short period of time, with a very small staff. The AmeriCorps National Direct grant award process was the first AmeriCorps review conducted by the Corporation.

Principles of Continuous Improvement

As a new government entity, the Corporation followed its statutory mandate to "reinvent government" in all its practices, including its grant award processes [42 U.S.C. 12501(b)(5)]. Therefore, as part of the system, it established a continuous improvement process to get feedback from staff and reviewers to continually improve the process. This was done with a combination of written evaluations and feedback sessions with peer reviewers and staff. The feedback resulted in immediate adjustments that were implemented in subsequent reviews in 1994 and 1995, some of which are directly related to recommendations contained in the IG's report. These adjustments included:

- development of a "scoring rubric" in an attempt to assure similar grading processes from review panel to review panel.
- a more systematic training process for reviewers that included scoring and ranking a sample application to compare and adjust grading processes across panels.
- more time during the review to read and discuss applications.
- more thorough written documentation of the interview process to note observations by the staff that may have changed perspectives on potential grantees.

In the 1995 grant cycle, the Corporation implemented a more thorough documentation process that included written recommendation summaries that described areas in which staff agreed or disagreed with review panel recommendations. The Corporation modified its process to group applications in tiers based on quality. From these groupings, staff could analyze the applications according to statutory preferences and priorities and make recommendations to the board. This system requires a sophisticated computer database that can sort applications quickly based on a number of criteria and categories.

Other Issues Raised in the Inspector General Report

The IG's report states that "the Peer Review process for 1994 AmeriCorps National Direct grant competition gave the Corporation little assurance that it could rely on the scores assigned by peer review panels to compare grant proposals against one another." The Corporation wants to make it clear that peer review panel scores are not, and never were, used in isolation to compare grant applications. Review panels did not conduct their reviews in isolation. Applications were both scored numerically and ranked. This process showed the relative quality of the applications regardless of whether a particular panel was considered a "hard" or "easy" scorer. The Corporation staff selected the higher-ranked applications for additional consideration regardless of the scores. The Corporation also used a cross-read process through which two panels exchanged their top applications, then reached a consensus re-ranking of the exchanged applications in a consolidated list. This was another way of adjusting for differences in scoring practices.

In addition, there are ways through a statistical process to handle differences in scoring among panels. The Corporation has used that process for grant processes in which the numbers of proposals and panels were small enough for staff to conduct the analysis "by hand." We did not have statistical software in 1994 that allowed us to use that analysis process for the large reviews. We will use the process in the future.

The report also stated that "the Corporation had adopted an informal decision-making model for applying the evaluation criteria and choosing which programs to fund." Distinctions need to be made between evaluation criteria and selection criteria. Evaluation criteria are used during the peer review process to establish the quality of the written application itself. Selection criteria are used during the decision-making processes at the staff and board levels. These selection criteria are established in the law and are not applied informally. The entire process includes clearly-stated, formal criteria that are applied at the appropriate times in the multi-stage process.

The report further states that "the grant to City Year, Inc., was not awarded under the Corporation's informal methodology. Rather, Corporation officials treated City Year as a higher-ranked proposal." City Year was awarded a grant based, in part, on a statutory preference in the law for programs funded under the former Commission on National and Community Service [42 U.S.C. 12585(d)(2)(G)]. Corporation officials did disagree with the score given to the application by the review panel, but the fact remains that the statute provides a preference under the law.

Corporation Response to IG Recommendations

1. **The Corporation should adopt a comprehensive set of written procedures stating how it will apply the statutory and regulatory evaluation criteria in deciding which grant proposals it will fund.**

Because of the number of and difference in grant competitions, the complexity of geographic areas, needs, program model, priorities and participant demographics, it is neither practical nor productive to detail exactly how these will apply, since their application will vary depending on the circumstances. The Corporation does prepare written protocols for each review that describe the process and when these priorities will be applied. (see sample attached). In addition, in light of the Inspector General's recommendations, we are instituting a review to further clarify and establish more comprehensive procedures for the decision-making process.

2. **Prepare a written justification for each proposed decision to accept or decline a grant application.**

This has been implemented to the extent that it can be, given the very large number of applications that are received and the small staff the Corporation has available for this task. Our general procedure requires a written summary of each application submitted, an evaluation of the application and funding recommendations. In some cases, the number received makes it impossible to prepare a written justification for each one. In these cases, consistent with the IG's suggestion, staff will ensure that the procedure memo prepared for senior staff describes the criteria that were applied to specific groups of proposals that justify the decisions made to either exclude them from further consideration or include them in a potential pool of grantees. As the numbers are reduced, written justifications are then prepared on those remaining for consideration.

3. **Require written justifications to specifically address the reasons why a proposed decision deviated from the results of the peer review process.**

By 1995, the Corporation had moved to a new system of grouping applications after the peer review process that places applications in comparable tiers after analyzing the relative scores and rankings. This is done because there is frequently little difference between applications with similar rankings and scores within 5 -10 points of one another. Corporation staff can then prepare written recommendation summaries that describe their rationale for funding specific proposals within each quality tier based on statutory and regulatory requirements.

4. **Subject written justification to at least one level of review before the decisions become final.**

All current written recommendation summaries are subjected already to least three levels of review - by the senior staff , by the CEO and then by the Board.

5. Adopt regularly scheduled external quality control review of its grant award process.

The Corporation requires that peer reviewers and consultants who work with us in the review and approval processes provide written evaluations of the application guidelines, process and the criteria. Their comments are used regularly to improve the process. In addition, as the IG recommends, we will consult with other agencies to explore possibilities for an external review by another agency that regularly uses similar review and decision-making processes.

6. Redesign the peer review process so that panels review a larger group of applications. Perhaps having a single panel review all the applications competing for grant funds within a particularly program.

The Corporation does use single or small numbers of panels where feasible. However, this is not possible with a large volume of applications and with complex applications. The AmeriCorps National Direct applications were both high in number and complexity. Subdivisions were made to that process where possible, i.e. separating planning, national non-profit, and federal agencies applications into three separate groups. Because we received 238 proposals, we could not require one panel to read all of them or even one quarter of them.

The report recommends that we adopt the practices of other agencies, such as the National Science Foundation which does have a single panel review all the applications competing for grant funds within a particular program. This is only done after an initial staff screening, then a mail review by a single reviewer. There is no basis for comparison in this system until quite late in the process. The numbers and content of applications in different and multiple issue areas, our limited staff, and necessary timelines limit the applicability of this recommendation.

Therefore, while a multi-panel system may have its drawbacks in terms of different approaches to scoring, the training procedures and joint scoring and ranking systems the Corporation has implemented, mitigate enough for possible scoring differences to warrant continued use of the system. The alternative is greater and earlier staff involvement and longer panel review periods. This would result in a longer time lag in making decisions. In addition, the use of outside experts as the "first screen" removes the Corporation staff from the initial quality review process. This decreases what some view as perceived bias and favoritism towards certain programs when staff is doing initial screening.

**AMERICORPS STATE 1995 REVIEW PROTOCOL
New Programs**

- | | |
|---------------|--|
| May 16 | Applications due |
| May 16 - 17 | <p>Log-in of Applications
 Jim Dellosa will oversee the log-in process. (See attached protocol for log-in). Log-in will be completed by each cluster overseen by senior program officers. Data entry will be done by associate program officers and administrative assistants. Program staff will review for compliance. Renewals will be separated from new applications. Renewal narratives will be added to the state boxes.</p> |
| Thurs, May 18 | <p>Mail Applications to Reviewers
 Between May 16 and 17, the applications will be assigned to review groups and packets prepared for reviewers. Packets will be mailed by COB on May 18.</p> |
| Mon. May 22 | <p>Training Conference Call with Reviewers
 Reviewers will be told to read and evaluate at least two of their applications before the Monday conference call. In this way, they will be prepared to ask cogent questions.</p> |
| Fri. June 2 | <p>Reminder Call to Reviewers
 Program staff responsible for each group will call their reviewers to remind them to return the packets to CNS on June 5th.</p> |
| Mon, June 5 | Reviewers return applications and evaluation forms |
| Tues. June 6 | <p>Stage I Score Log-in and Analysis
 Reviewers scores will be logged-in and small group of staff (SPOs?) will begin analysis of scores and decide which proposals will go on to Stage II peer review. Staff will apply criteria based on geographic, issue area, program model and participant diversity and preferences stated in the application.</p> |
| Wed, June 14 | <p>Staff Analysis completed on Stage I Review
 Program staff will forward the list of applications that will be part of Stage II to Nancy Talbot for allocation to panels.</p> |
| June 14-17 | <p>Preparation for Stage II Peer Review
 Program staff will work with Nancy to finalize preparations for the peer review. This includes preparing panel boxes, orientation packets, training and final agendas.</p> |

- June 19-22 **Stage II peer review (in Washington)**
- June 23-29 **Staff Review and Analysis**
 Program and grants management staff will meet by cluster and together to analyze the rankings and select applications that will be read and reviewed by the staff as potential grantees. By Friday, June 30 program staff should hold a meeting to review those selected as semi-finalists for interviews, dealing in this meeting with any geographic, priority area and program model inequities. Staff should also decide how best to present the recommendation packet to senior staff and what format to follow as staff prepare write-ups on each semi-finalist application.
- June 29-July 2 **Recommendation Packet finalized**
 Staff prepare write-ups and forward to Diana for consolidation into one packet for senior staff review.
- Wed, July 5 **Recommendation packet presented to senior staff**
- Fri. July 7 **Senior Staff Decision Meeting**
 Decisions will be made in the morning so that program staff can notify states and schedule interview times for the following week for those chosen as semi-finalists.
- July 10-13 **Semi-Finalist Interviews**
 Teams of staff will meet with the semi-finalists and state commission staff for further discussions, clarification and decisions.
- Fri. July 14 **Finalist recommendations presented to senior staff**
- Tues. July 18 **Senior Staff Decision Meeting**
- Thurs. July 20 **New Recommendation packet sent to Board**
- Tues. July 25 **Board Conference Call**
- Wed. July 26 **Preliminary Notification to State Commissions**
 All states are notified. AmeriCorps staff tell their states which new competitive proposals have been funded, whether or not they need to make revisions to their formula programs and what they need to do to revise their budgets and any recommendations staff have for improvements to commission year-two plans for administering and monitoring programs

presented in the commission narrative. At this point, states will qcompetitive proposals they may want to exchange for their proposed formula programs.

- July 26 - 31** **States Make Revisions**
States will be given one week to prepare resubmissions and revisions to the Corporation. Revisions are due Tuesday, August 1. During this period, staff will also review resubmissions as they come in from the states.
- July 31** **State Resubmissions due**
- July 31-Aug 5** **Program Staff Reviews Resubmissions**
- Mon, Aug. 7** **Review of State Revisions with Leadership**
Staff will meet with ES and SS to go over preliminary recommendations on the state resubmissions and prepare for final decisions on Tuesday.
- Tues, Aug. 8** **States Receive Definitive Word**
States receive work at their final package. At this point, the grant award development and negotiation begins.