



Helping People, Building Communities,
and Increasing Volunteerism and Civic
Responsibility in America

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 



**Corporation for National and
Community Service**
Performance and Accountability Report
Fiscal Year 2004



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Comments and Questions

Thank you for your interest in the Corporation for National and Community Service's FY 2004 Performance and Accountability Report. We are interested in your feedback regarding the content of this report. Please feel free to email your comments and questions to Tyndall Traversa (TTraversa@cns.gov) or Jason Smith (JSmith@cns.gov) or write to:

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Online and Ordering Information

The Corporation's FY 2004 Performance and Accountability Report is available on the internet at:
<http://www.nationalservice.org/pdf/about/reports/par2004.pdf>

Additional copies may be ordered by contacting Tyndall Traversa (TTraversa@cns.gov) or Jason Smith (JSmith@cns.gov).

More Information About the Corporation

To learn more about the Corporation or any of its programs, visit www.nationalservice.org or call 202-606-5000 or TTY 202-565-2799.

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Our Mission

The mission of the Corporation for National and Community Service is to provide opportunities for Americans of all ages and backgrounds to engage in service that addresses the nation's educational, public safety, environmental, and other human needs to achieve direct and demonstrable results and to encourage all Americans to engage in such service. In doing so, the Corporation will foster civic responsibility, strengthen the ties that bind us together as a nation, and provide educational opportunity for those who make a substantial commitment to service.

Preface

Purpose of the Report

The Corporation for National and Community Service's FY 2004 Performance and Accountability Report provides performance and financial information that enables the Congress, President, and public to assess the performance of the Corporation relative to its mission and stewardship of the resources entrusted to it. This document meets reporting requirements under a number of acts, including the Government Performance and Results Act, the Federal Financial Management Improvement Act, and the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, the Improper Payments Act and the Federal Information Security Management Act. In addition, this document is structured to meet the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program, as well as all applicable Office of Management and Budget guidance.

How the Report is Organized

Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is an overview of the entire Performance and Accountability Report. It includes:

- A message from the Chief Executive Officer (CEO);
- An organizational overview;
- A summary of the most important mission performance results and challenges for FY 2004;
- A discussion of the demographic, social and economic trends affecting the Corporation;
- A summary of the most important management performance results and challenges for FY 2004, including information on the agency's progress in implementing the President's Management Agenda;
- A brief analysis of financial performance;
- A brief description of systems, controls, and legal compliance; and
- A discussion of audit results.

The CEO's message includes an assessment of whether performance and financial data in the Report is reliable and complete, and a statement of assurance as required by the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act, indicating whether management controls are in place and financial systems conform with government-wide standards.

The MD&A is supported and supplemented by detailed information contained in the Performance Section, Financial Section and Appendices.

Program Performance

This section contains the annual program performance information required by the Government Performance and Results Act of 1993 (GPRA) and includes all of the required elements of an annual program performance report as specified in OMB Circular A-11, Preparing, Submitting and Executing the Budget. The results are presented in two sections: the first focuses on the Corporation's five core programs, while the second highlights other Corporation activities. Each chapter is organized around the Corporation's goals and strategies.

Financial Management

This section contains the Corporation's financial statements, related Independent Auditor's Report, and assessment of management challenges, as well as the agency's response to the auditor's findings and recommendations.

Appendices

This section contains supplementary information on the Corporation's performance results including information on the sources and reliability of the Corporation's performance data, other agency-specific statutorily required reports on the National Service Trust, and donations and contributions.

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**Management's
Discussion and
Analysis**



President George W. Bush talks with AmeriCorps*NCCC members after working with them to remove invasive plants at a Florida reserve. *White House photo by Eric Draper.*
April 23, 2004

Message from the Chief Executive Officer



November 2004

FY 2004 was a “turnaround year” for the Corporation for National and Community Service. The agency made great progress on the programmatic, strategic, and administrative/management fronts, as detailed herein. We also made significant progress in addressing the three organizational goals I articulated when I took over as Chief Executive

Officer in December of 2003— rebuilding trust, managing to accountability, and focusing on our various “customers.”

Change is never easy, especially for a complex organization. However, because of the extraordinary progress made by the agency, it gives me great pleasure to present to Congress the Corporation’s FY 2004 Performance and Accountability Report. This report describes the accomplishments, challenges, plans, and financial condition of the Corporation and its three main programs— AmeriCorps, Learn and Serve America, and Senior Corps— as we go about achieving our mission of helping people, building communities, and increasing volunteerism and civic responsibility in America.

As I have detailed in testimony before Congress and elsewhere, the Corporation has moved steadily and surely over the past 12 months to establish financially and managerially sound systems and processes. For example, in FY 2004 we:

- Put in place new procedures that fix the problems that we had experienced in the past with the National Service Trust;
- Strengthened our grants management, oversight, and monitoring functions including reforming the grant-making process, improving the quality of peer reviewers, and implementing improvements to eGrants, our online grant application system;
- Instituted a new budget development approach in which each department uses a logic model that ties budgeting to goals and performance;
- Upgraded technological systems to ensure more accurate and timely reporting of data;
- Developed new administrative standards for our state service commissions, and implemented improved compliance monitoring protocols;

- Developed a comprehensive strategic human capital plan; and
- Ended the predominant use of term appointments, expanded employee training, and implemented a performance-based appraisal system.

All of these changes were instituted to allow the Corporation and its programs to operate more efficiently, effectively, and accountably—which, I am pleased to report, has been confirmed by a number of independent assessments. The review of our financial systems, as required by the Federal Financial Management Improvement Act, found that the Corporation's systems fully conform to governmental financial system requirements. The evaluation of our management controls, as required by the Federal Managers' Financial Integrity Act, found the agency's overall control system to be in compliance with the Act, except for a single deficiency noted by our Office of the Inspector General regarding the documentation and follow-up conducted of systems security testing and evaluation. We will complete new Certification and Accreditation reports for all our major systems by January 31, 2005 that will fully address this documentation deficiency. In separate reports, the Government Accountability Office and the Inspector General each found that the Corporation had implemented sound business practices, including strict control over AmeriCorps member enrollment certification procedures that will ensure the Corporation's obligations remain within its appropriated limits. And, for the fifth straight year, the Corporation received an unqualified audit of our financial statements. These accomplishments demonstrate our continued commitment to sound financial practices and reliable financial information to support decision-making.

On the programmatic side, thanks to Congressional funding at record levels and great support from the President, the Corporation was able to reach significant milestones. For example, in FY 2004 we awarded grants to support some 540,000 volunteers through the Senior Corps program, 1.1 million Learn and Serve America students, and a record 75,000 AmeriCorps positions—the largest class ever. Together the Corporation's programs helped to provide over 200 million hours of service and achieved demonstrable results in meeting critical community needs in education, the environment, public safety, care for elderly, homeland security, and other areas—including a massive response by participants in all three national service programs to the hurricanes that devastated areas of Florida and the South this past September. And, AmeriCorps*State and National program members recruited and trained more than 525,000 community volunteers throughout the country—an important aspect to our goal of building a stronger culture of service and civic engage-

ment in America.

The performance and financial data presented in this report are reliable and represent the strongest accountability measures that the Corporation has ever generated. Still, we recognize that we have more work to do in order to provide the full range of performance outcome reporting necessary to support more effective decision-making. The Corporation is continuing to accelerate improvements in the scope of its performance data, particularly with regard to the cost effectiveness of our programs in meeting human needs.

And we continue to press for other changes and improvements through a variety of strategic initiatives designed to support and further advance the efficiency, effectiveness, and accountability of the agency's operations. For example:

- The Board of Directors in FY 2004 began to outline a draft five-year strategic plan, much of which conforms to an Executive Order on National and Community Service that President Bush issued in February 2004. This plan will be issued in FY 2005 and will be designed to guide the Corporation's activities for years to come;
- The Corporation has engaged the accounting firm Deloitte to perform a business process review of the agency's core operations. Results will be used to further enhance the reforms now under way;
- The National Academy of Public Administration is conducting a thorough review of the agency's organization and management and their recommendations will be incorporated into the agency's plans in FY 2005;
- The Corporation developed and is implementing a strategic human capital plan that promotes alignment of staff with the Corporation's mission and goals;
- At the behest of our Board of Directors, the Corporation is creating a set of management metrics designed to measure whether Corporation operations are performing to target;
- In FY 2004, we embarked on a six-month rulemaking process for the AmeriCorps program in which we sought to strengthen the program by finding ways to better leverage Federal resources, while making our programs more predictable and reliable for our grantees. The final rule is expected to be released in FY 2005; and
- The Corporation is upgrading its technological systems, including developing new designs for the Corporation's core online operational systems, eGrants and WBRS (Web-Based Reporting System), through which grants are administered and grantees

report required information to the Corporation.

In short, the Corporation has made tremendous progress over the past year. The achievements of our extraordinarily talented and dedicated staff are all the more remarkable because our operational resources have been shrinking, while the demands and pressure on staff to do more, and to have their work held to higher standards, have been increasing. In FY 2005 and beyond, we look forward to fully implementing our management reforms, improving our financial systems, and making our programs even more effective and accountable. In so doing, we will meet the challenges of the future and become the kind of well-managed, effective agency that the nation deserves.



David Eisner
Chief Executive Officer

National Service Responds to Florida Hurricanes

After Florida suffered one of the worst hurricane seasons in its history this summer, national and community service programs were quick on the scene to give Floridians needed assistance.

More than 700 AmeriCorps, Senior Corps and Learn and Serve America volunteers were deployed to provide both direct services and to leverage the support of thousands of additional volunteers. Floridians were grateful for the help. As one recipient of assistance from AmeriCorps members commented, "This is like a prayer answered. I'm tickled pink. It's a godsend."

Volunteer Florida, the state commission on service and volunteering, was the lead agency designated by Governor Jeb Bush to coordinate the activities of volunteers and donations during the hurricane response. On September 9, Corporation CEO David Eisner met with Governor Bush at the emergency operations center in Tallahassee and announced two Special Volunteer Grants totaling \$1.5 million to help the state mobilize volunteers in response to future emergencies and disasters.

Teams of AmeriCorps*NCCC members from all five campuses (Denver, Washington D.C., Sacramento, Perry Point, Md., and Charleston, S.C.) were deployed to Florida to serve with the Christian Contractors Association and the Army Corps of Engineers. The members covered about 1,500 roofs with plastic sheeting to protect the interior of homes from the weather until permanent repairs could be made. Other AmeriCorps programs, including the St. Louis Safety Corps and the Washington Conservation Corps, also participated in the project. With financial assistance from the General Mills Foundation, 15 AmeriCorps*VISTA members from Minnesota also traveled to Florida to help cover roofs. Most recently, three teams from the AmeriCorps*Tribal



Civilian Community Corps based in Alaska, California, and Arizona traveled to Florida to help remove debris and secure roofs.

RSVP volunteers staffed the Emergency Information Hotline in Orlando and worked at the city's Emergency Operations Center and with the Red Cross to set up a volunteer reception center. The volunteers staffing the Emergency Operations Center in Sanford stayed throughout the day and night to handle citizen calls and to help special needs residents who did not evacuate during the storms.

ManaTEENs, a service-learning program based in Manatee County, fielded 3,322 members who devoted more than 50,000 hours to disaster relief efforts. The ManaTEENs covered the roofs of 1,444 homes; delivered 1,415 emergency meal and flashlight kits to "at risk" residents prior to hurricane season; ran the state's only pet-friendly shelter; and, managed the Volunteer Reception Center for unaffiliated volunteers in DeSoto County where they registered, deployed, and tracked the efforts of more than 8,000 volunteers.

The Corporation's efforts were supported by The Home Depot, which provided a \$500,000 donation to the Corporation to assist with revitalization efforts. The Corporation's response in Florida continues a long history of engaging volunteers in public safety, public health, and disaster relief. For the past decade, AmeriCorps members and Senior Corps volunteers have worked closely with the FEMA and the American Red Cross to respond to nearly every federally-declared disaster.

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Corporation for National Community Service

Overview

The Corporation for National and Community Service (Corporation) is a key part of the effort to create in America a new culture of citizenship, service, and responsibility. Especially since the terrorist attacks of September 11, 2001, Americans have been looking for meaningful and effective ways to give back to the nation. Through its AmeriCorps, Learn and Serve America, Senior Corps programs, the Corporation provides opportunities for Americans of all ages and backgrounds to express their patriotism while addressing critical community needs.

The members and volunteers who serve in Corporation programs provide valuable assistance to local charities, schools, government agencies, and faith-based organizations. In addition to offering direct services, such as tutoring at-risk youth, building homes for low-income people, responding to natural disasters, and caring for homebound seniors, Corporation members and volunteers promote outreach programs to attract more volunteers and help build capacities of local organizations.

Service through Corporation programs strengthens communities by increasing civic engagement, breaking down barriers, and creating new social ties. And, it gives added purpose and meaning to the lives of those who serve while also helping to open the doors of educational and career opportunity.

Corporation Programs

The Corporation for National and Community Service each year engages more than 1.6 million Americans of all ages and backgrounds in improving communities through a wide array of service opportunities in education, the environment, public safety, homeland security, and other human needs. The Corporation's main programs are:

- AmeriCorps, whose members perform intensive community-based service and earn education awards to help finance college— AmeriCorps*State and National, AmeriCorps*VISTA, and AmeriCorps*National Civilian Community Corps (NCCC);
- Learn and Serve America, which supports programs in schools, colleges, and community-based organizations that link community service to educational objectives. About 1.1 million stu-

dents participate in programs supported by Learn and Serve America each year; and

- Senior Corps, through which more than 500,000 Americans age 55 and older use their skills and experience to address vital community needs. Senior Corps comprises the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program and the Senior Companion Program.

Board of Directors

Stephen Goldsmith, Chairman
Indiana

Henry C. Lozano
California

Cynthia Burleson
California

William Schambra
Virginia

Dorothy A. Johnson
Michigan

Donna N. Williams
Texas

Carol W. Kinsley
Massachusetts

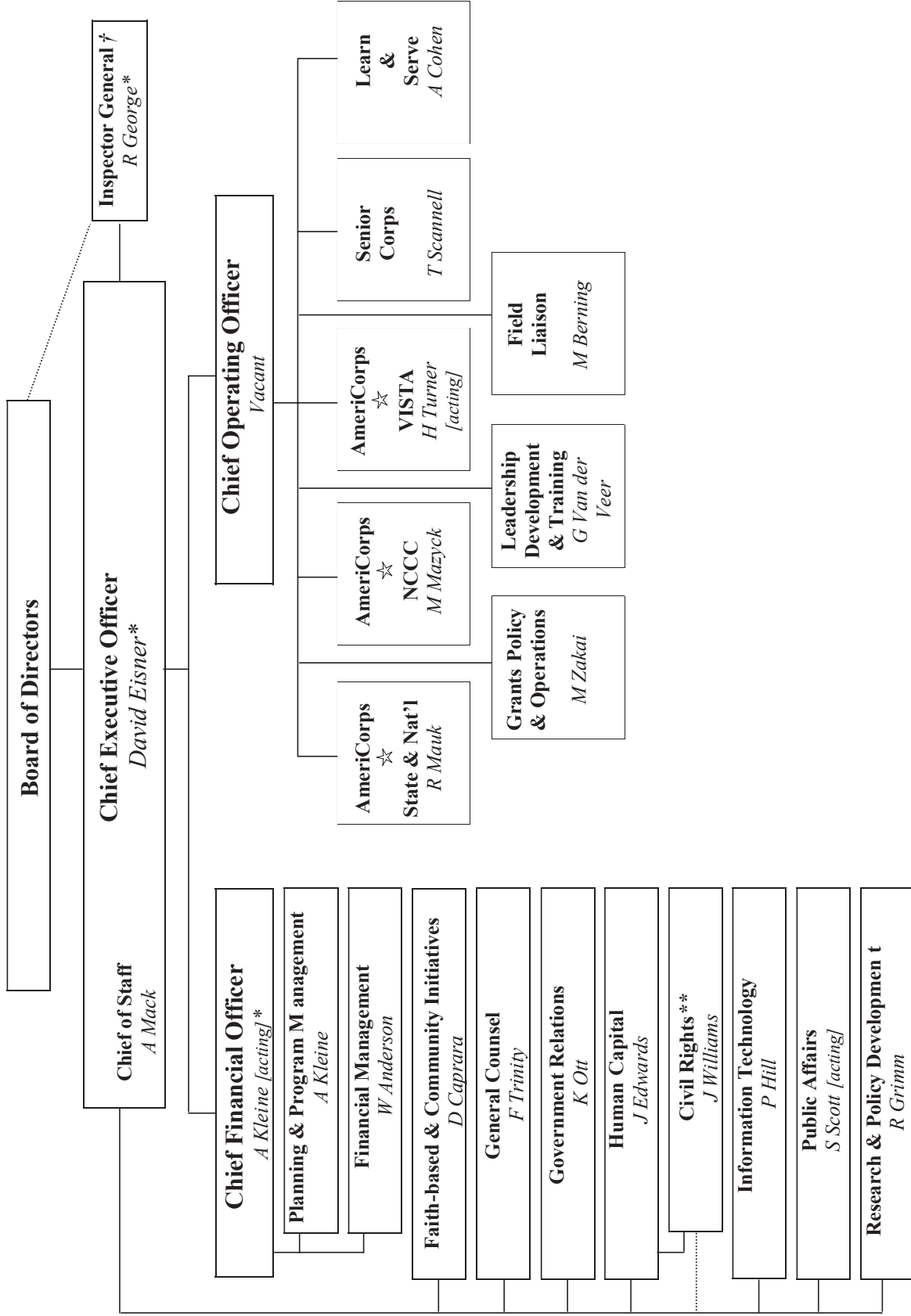
Officers of the Corporation

David Eisner, *Chief Executive Officer*

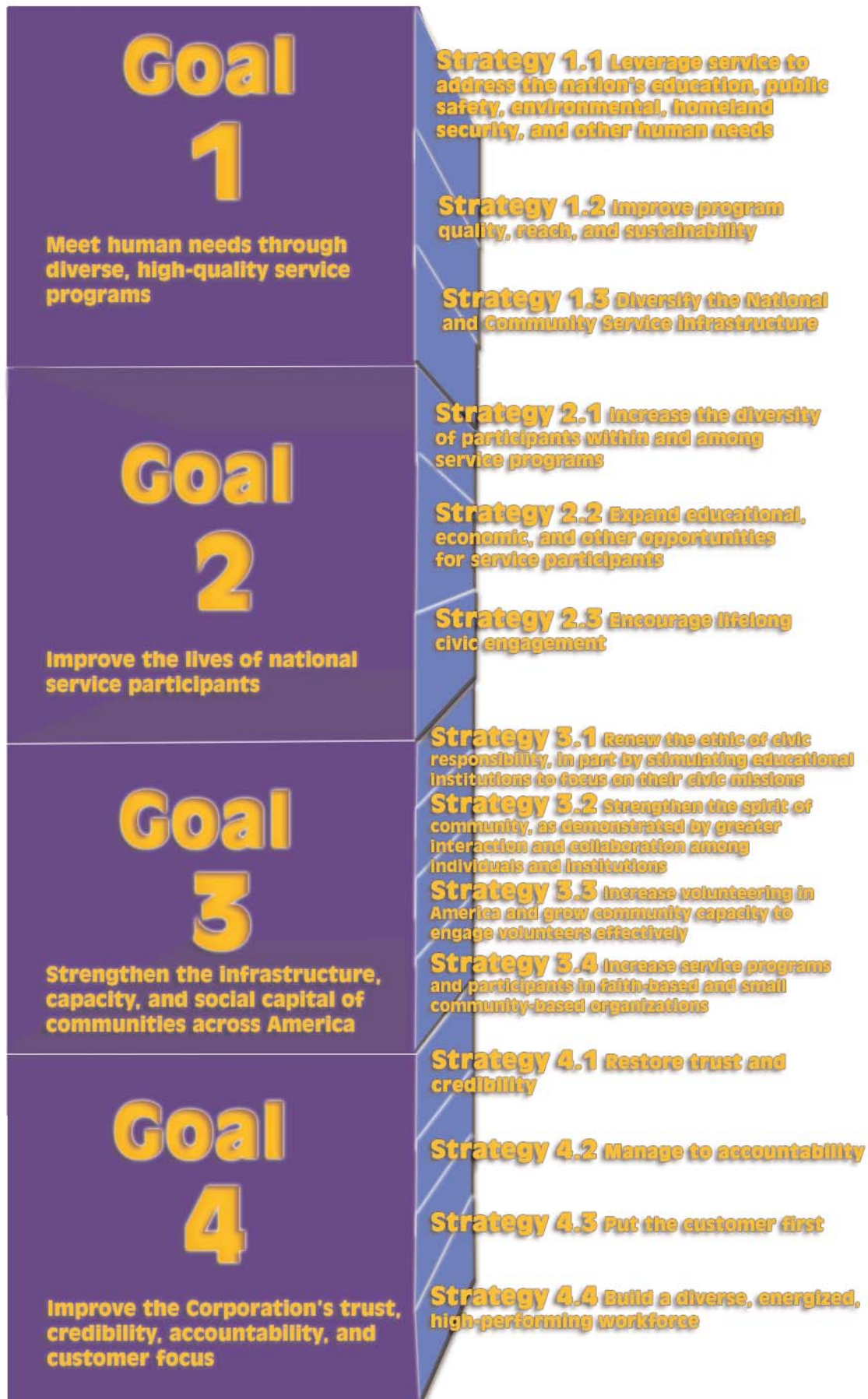
J. Russell George, *Inspector General*

Andrew Kleine, *Chief Financial Officer (acting)*

Corporation Organizational Chart



* Presidential Appointments
 † In accordance with the Inspector General Act, Section 3a
 ** The director has independent authority to advise the CEO on pre-complaint and complaint issues. The CEO contributes to the director's performance review.



Mission Performance Highlights

Overview

In FY 2004, the Corporation conducted a comprehensive assessment of its strategic goals and strategies. This assessment helped clarify the agency's goals and strategies, including identifying the primary beneficiaries of the Corporation's programs—people in need of assistance, volunteers who devote their time to helping others, and the communities in which they live. This assessment also focused on the key strategies the Corporation uses to achieve its mission and established a strategic framework to help guide the Corporation's programs.

The agency's revised strategic framework is helping to: align the agency's programs more closely to the Corporation's overall goals and strategies; unify and coordinate the agency's programs; respond to emerging demographic, social and economic trends; and strengthen the organization's management. The strategic framework reflects the complex world in which the Corporation operates and the important role that volunteers fill in American society. It also recognizes the key role that the Corporation can play in building character, sustaining health, and creating career and educational opportunities through the volunteer experience.

Within this framework, the Corporation views its role as a catalyzing one—providing strategic critical support to volunteer organizations that, in turn, deliver much-needed services to communities throughout the country. The agency helps to ensure a healthy, vibrant, non-profit volunteer organization sector that delivers these services effectively and efficiently, thus leveraging the Federal contribution to better meet the needs of the nation's communities. Moreover, the Corporation promotes the growth of a civic culture in which contributing to your community and helping to meet the needs of the country's most vulnerable individuals and groups becomes commonplace. To do so, the Corporation provides grants, training, and technical support to developing and expanding non-profit volunteer organizations, and explores, advocates and models effective approaches for using volunteers to meet the nation's human needs.

In FY 2004, through its five major programs, the Corporation provided:

- Over 200 million hours of community service nationwide;
- High quality service experiences to its volunteers, including about 540,000 Senior Corps volunteers, 1.1 million Learn and

Serve America students, and almost 75,000 AmeriCorps members, about 90 percent of whom would recommend AmeriCorps service to a friend or family member; and

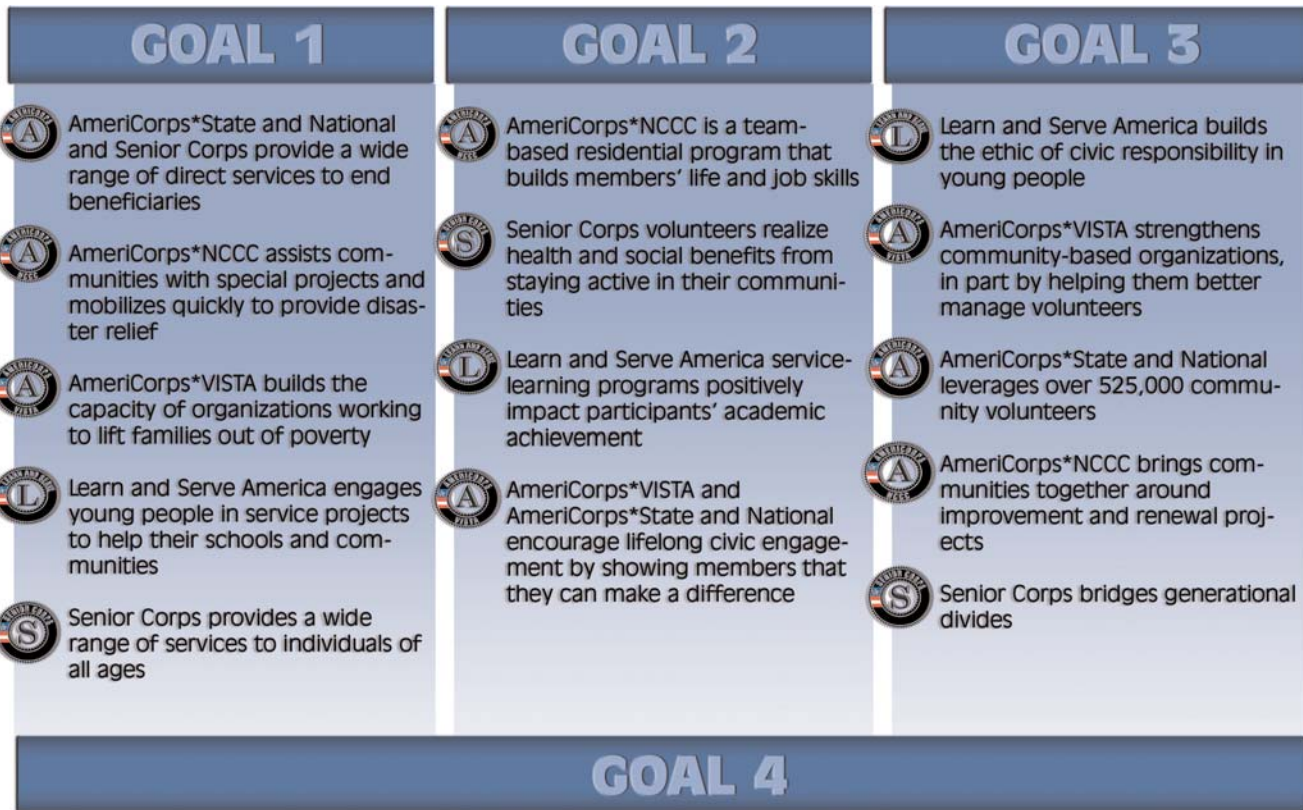
- Education awards totaling \$112 million to former AmeriCorps members.

The Corporation's primary focus, however, is on the agency's "end beneficiaries"—the people and communities that benefit from the services provided through its grants and projects. Therefore, the bulk of the Corporation's resources are directed toward Goal 1—meet human needs through high-quality service programs. However, the Corporation also places great emphasis on improving the lives of those who volunteer through its programs (Goal 2), promoting civic responsibility by all Americans (Goal 3), and managing for accountability (Goal 4).¹

Estimated FY 2004 Funding by Goal



The Corporation's programs support these goals in various ways, focusing on different populations of organizations and volunteers. The diagram below depicts the primary objectives of each of our programs.



The discussion below explains the strategic direction of the Corporation along the lines of the four goals and accompanying strategies. Because the FY 2004 budget did not identify any Corporation-level performance indicators, this section presents performance measures that reflect the Corporation's recently defined strategic goals and objectives. For some of these measures, however, FY 2004 data is not yet available; the agency plans to continue developing data to support these measures and to report against them in the FY 2005 Performance and Accountability Report. These measures are included here to provide greater perspective on the overall Corporation's goals and strategies and the way in which the Corporation will measure its performance against these goals. This discussion also includes highlights of the agency's accomplishments in FY 2004 in support of each goal. More detailed information on the agency's programs and performance against the FY 2004 program performance measures, as well as the agency's newly established program performance measures, is provided in the Program Performance section of this report.



Goal 1: Meet Human Needs through Diverse, High-Quality Service Programs (\$553 million)

Goal 1 concerns the ultimate impact of the Corporation's grants,

members, participants, and volunteers in meeting human needs, such as assisting older Americans so they can remain in their homes, helping victims of natural disasters, and mentoring children of prisoners so they can grow up to be productive citizens. However, measuring progress toward this goal is difficult, particularly since the ultimate beneficiaries represent people and communities throughout the country with problems of all sorts—poor reading skills, lack of shelter, little understanding of personal financial management. These beneficiaries and the ways in which they are helped through the Corporation's programs are extraordinarily diverse. Moreover, since most of the agency's programs are administered by a wide range of grantees which are responsible for recruiting, enrolling and managing volunteers, the collection of data on the agency's ultimate outcomes presents significant challenges. Nonetheless, the Corporation is putting in place a system to better assess the impact of its programs on these end beneficiaries. Improved grantee reporting, expanded information technology systems and programmatically-focused research are helping to provide better information on the Corporation's impact.

FY 2004 Accomplishments:

- The AmeriCorps program funded almost 75,000 members:
 - AmeriCorps*NCCC engaged 1,187 members on 575 projects in all 50 states, tutoring and mentoring 25,000 children and youth, constructing or repairing 500 low-income homes, and building or restoring 550 miles of trails in our national parks
 - AmeriCorps State and National supported approximately 71,000 members in non-profit volunteer organizations through-out the country to help build their capacity and deliver services to communities
 - AmeriCorps*VISTA supported approximately 7,000 members in about 1,400 anti-poverty projects
- Learn and Serve supported about 40 million hours in service-learning programs in their schools and communities.
- Senior Corps provided about 120 million hours of service, which helped improve health and nutrition, enable the frail and elderly to continue living in their own homes, improve disaster preparedness and response, and meet many other human needs

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs.

The concept of leveraging is fundamental to this goal and is embodied in the ability of a well-managed volunteer-based pro-

gram to tap the commitment of Americans to serve their neighbors and communities. Effective leveraging results in more volunteers and more people served. It also targets resources to meet high-priority needs, such as homeland security and support for children of prisoners.

Corporation-Wide Indicators for Strategy 1.1

Corporation-Wide Indicators	FY 2004 (baseline)
Number of hours of service provided by Corporation program participants. ² <i>Sources: National Service Trust, Senior Corps Program, PPVA (1/04)</i>	
AmeriCorps*State and National	30.0 million hours
AmeriCorps NCCC	2.1 million hours
AmeriCorps*VISTA	11.8 million hours
Foster Grandparent	27.9 million hours
Senior Companion	13.9 million hours
Retired Senior Volunteer	78.1 million hours
Learn and Serve	40 million hours
<i>Total all programs</i>	203.8 million hours
Percent of Corporation grant funds serving highly disadvantaged communities (bottom 25% of counties on socioeconomic scale). ³	N/A
Corporation's cost per member service year for stipended AmeriCorps*State and National programs. ⁴	N/A
Number of children of prisoners served in mentoring and other volunteer programs. ⁵ <i>Source: Corporation program data</i>	12,281 children
Percent of Senior Companion Program clients who say that without their Senior Companion, they could not remain living at home. ⁶	N/A
Number of counties and local jurisdictions with voluntary organizations active in disaster preparedness and response under the Citizen Corps Program. <i>Source: Citizen Corps, Department of Homeland Security</i> ⁷	1,432 counties
Percent of client organizations and individuals who believe their community is considerably better prepared to respond to emergencies due to training provided by AmeriCorps members. ⁸ <i>Source: Corporation National Performance Benchmarking, 2004</i>	78%
Percent of parents reporting that since participating in a Corporation-supported youth development program, their child's behavior has improved considerably. ⁹	N/A

Strategy 1.2: Improve Program Quality, Reach, and Sustainability.

To meet the needs of their communities, the Corporation's grantees must operate high-quality, far-reaching, and sustainable programs. The Corporation works with small, developing organizations to establish viable programs in their communities and to promote the use of best practices in volunteer recruitment and management. The Corporation also works with more-established

grantees to increase their ability to meet community needs through more effective, efficient or expanded programs. Moreover, the Corporation seeks to enable its grantees to continue their operations beyond the grant period to become a long-term force to meet human needs.

In recent years, the Corporation has begun requiring its grantees to identify and report on their performance against goals and measures established by the grantee. Although data from grantees is only now beginning to be analyzed, these performance measures form the basis for both the Corporation and the grantee to assess progress and work toward improvement. Other measures of program quality, reach and sustainability address the impact of the Corporation's members and participants on project sponsors, members and participants satisfaction with their service experience and the amount of matching funds contributed by the grantees to support their projects.

Corporation-Wide Indicators for Strategy 1.2

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of Corporation-funded programs meeting self-nominated performance goals. ¹⁰	N/A
Percent of organizations reporting that assistance by service participants enabled them to provide important new services. ¹¹	N/A
Percent of current AmeriCorps members who would recommend participation in AmeriCorps to a friend or family member. <i>Source: Corporation National Performance Benchmarking, 2004</i>	90%
Amount and percent of matching funds provided by grantees (\$ in millions)	N/A
Percent of leveraged community volunteers who believe the experience has been a worthwhile use of their time. ¹³	N/A

Strategy 1.3: Diversify the National and Community Service Infrastructure

Diversity in the non-profit sector helps to ensure that the full range of human needs across the United States can be met. In particular, as changes occur in the types and locations of services needed, a diverse infrastructure is better positioned to be able to meet those needs. Moreover, a diverse infrastructure is better able to test new methods of service delivery that may be more effective and efficient than prior practices.

Although the Corporation is continuing to develop improved analyses of the volunteer sector infrastructure, initial efforts to define the characteristics of a diverse sector include:

- The range and distribution of grantees geographically, across

service types and in approaches to providing service. For example, if new types of potential grantees, distinguished by their approach to engaging volunteers, are forming and show promise, the Corporation can provide critical and timely support and capitalize on their innovations. Similarly, the Corporation can help to ensure that critical services are available throughout the country—urban and rural.

- Organizations poised to address emerging community needs. For example, Corporation programs can be particularly helpful in supporting society's response to needs such as disaster response and helping children of prisoners.
- The span of the organization—national, regional, state or local. Different types of needs can be met most effectively and efficiently by organizations that span different breadths of service. For example, meeting the needs of students in particular settings may be most effectively met through organizations focused specifically on that small group. Conversely, national and regional organizations can provide comprehensive service to meet similar needs across broad areas of the country.

Corporation-Wide Indicators for Strategy 1.3

Corporation-Wide Indicators	FY 2004 (baseline)
Number of applicants for Corporation Funding.	2,374 applicants
Percent of grantees with no prior funding from the Corporation.	N/A



Goal 2: Improve the Lives of National Service Participants (\$249 million)

Corporation programs have, historically, been committed to the principle that service can and should benefit both the volunteer and the end beneficiary. While all the Corporation's programs seek to provide a high-quality and satisfying experience to their members, AmeriCorps programs also provide members with education support when their service has ended. In the Senior Companion and Foster Grandparent programs, volunteer service is rewarded with a modest stipend, which can make the difference for seniors dependent on modest fixed incomes. The RSVP program helps to improve the lives of volunteers who enroll, even though it provides no financial incentive to the volunteer. However, meaningful volunteer service that enables the program participant to effectively contribute time and skills to needy individuals improves the social and psychological well-being of the volunteer.

FY 2004 Accomplishments:

- The AmeriCorps program improved the job skills, educational abilities, and interest in community service of about 93% of its members.
- The Senior Corps program improved the knowledge, health, or social connectedness of about 19 out of 20 volunteers.
- The Corporation's programs continue to promote future volunteering through its members.
- Around three quarters of former AmeriCorps members have used their education awards.
- Compared to the national average, former AmeriCorps members are almost three times more likely to volunteer.
- In FY 2004, 48 percent of Learn and Serve-funded organizations reported that Learn and Serve activities had a substantial positive impact on participants' civic engagement.

Strategy 2.1: Increase the diversity of participants within and among service programs.

Under this strategy, the Corporation is working to have our member, participant, and volunteer populations better represent the communities in which they serve, in terms of sex, race, ethnicity and other characteristics. For NCCC, the team-based approach continues to be a unique opportunity for collaborative effort among ethnically diverse individuals. Outreach to underserved groups is being strengthened, and the Corporation plans to monitor results of these efforts in the years ahead.

Corporation-Wide Indicators for Strategy 2.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of service participants from minority groups. ¹⁴ <i>Source: CNCS National Performance Benchmarking, 2004</i>	37%
Percent of funded programs that are diverse (minority members exceed 20%). ¹⁵	N/A
Percent of service participants who are "Baby Boomers" (those born from 1946 to 1964). ¹⁶ <i>Source: PPVA</i>	N/A
Number of national service applicants. ¹⁷	N/A
Ratio of women to men in Senior Corps and AmeriCorps programs. <i>Source: PPVA, 2004</i>	3 to 1

Strategy 2.2: Expand education, economic, and other opportunities for service participants.

The Corporation is constantly looking for new ways to add value to the education awards that are provided through the

AmeriCorps programs. For example, a growing number of colleges recognize AmeriCorps service for college credit. Some offer supplemental scholarships for AmeriCorps graduates. The Corporation also is looking to strengthen direct support to members, particularly those in NCCC, in identifying career and educational opportunities as their AmeriCorps service draws to a close.

Corporation-Wide Indicators for Strategy 2.2

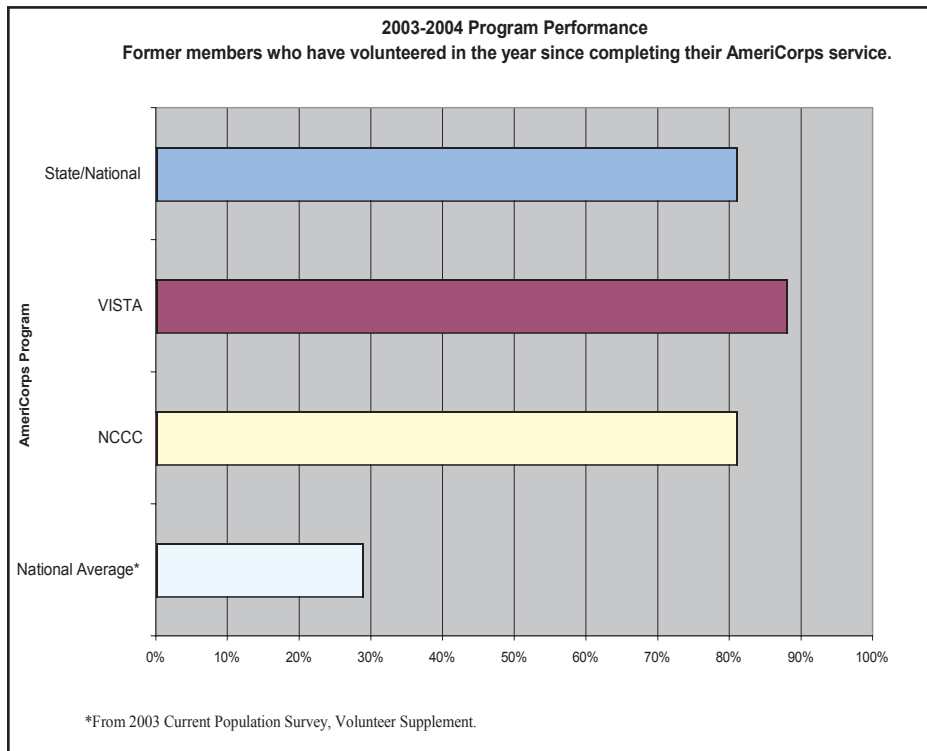
Corporation-Wide Indicators	FY 2004 (baseline)
Percent of former AmeriCorps members who say their service experience increased their life skills. ¹⁸ Source: <i>Corporation National Performance Benchmarking, 2004</i>	92%
Percent of former AmeriCorps members who say the skills they learned during their service have helped them greatly in their current job, educational pursuits, or community service activities. ¹⁹ Source: <i>Corporation National Performance Benchmarking, 2004</i>	93%
Percent of Senior Corps volunteers who report that their service has greatly improved their knowledge, health, or social connectedness. ²⁰ Source: <i>2004 Survey of Senior Corps Volunteers.</i>	94%
Percent of AmeriCorps members who use their education award. ²¹ Source: <i>National Trust Database.</i>	76%
Percent of colleges and universities offering academic credit or matching scholarship money for AmeriCorps members. ²² Source: <i>NCCC Program Office</i>	50%

Strategy 2.3: Encourage life-long civic engagement.

Corporation programs are designed to reinforce the nation as a democracy by strengthening the civic commitment of those who participate in its programs. Individual projects often serve as models for how citizens can be engaged in their communities. The Corporation is piloting a longitudinal study to collect data on civic engagement of AmeriCorps members a year or more after their service has ended. This will increase understanding of the causal linkage between the experience of service and continuing civic engagement.

Corporation-wide Indicators for Strategy 2.3

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of participants in service-learning programs that last at least a semester and that serve a minimum of 20 hours. Source: <i>2004 LSA Program and Performance Measurement Report.</i>	31.6%
Percent of former AmeriCorps members who have done volunteer work since completing their service. Source: <i>Corporation National Performance Benchmarking, 2004</i>	82%



Goal 3: Strengthen the Infrastructure, Capacity, and Social Capital of Communities Across America (\$56 million)

The Corporation's third goal concerns the less tangible, but more generally felt effects of the Corporation's programs on the social fabric of the nation. Social scientists have increasingly focused on the concept of social capital as a measure of the quality and resilience of the nation's democracy, and the ability of communities to solve their own problems. Social capital refers to the extent to which citizens are informed about community issues and concerns, meet their civic responsibilities and help to sustain the quality of their communities. Corporation programs present models of civic engagement and enable citizens to experience volunteering as a means to address individual needs and to empower communities. In the case of younger Americans, social capital is enlarged as patterns of civic engagement are established early in life through the Learn and Serve Program.



FY 2004 Accomplishments

- The overall number of people who volunteer through any organization, including the Corporation, rose to about 64 million people.
- The Corporation also contributed to the overall number of

schools with service-learning programs. However, the available data suggests that the number of schools with service-learning programs has hit a plateau at around 30 percent of schools.

- The Corporation provided grants to 96 local non-profit organizations in 38 states and the District of Columbia to help mobilize volunteers on Martin Luther King, Jr. Day on January 18, 2004. These volunteers helped build homes, paint schools, plant trees, clean parks, visit seniors, collect items for homeless shelters, and install smoke detectors.

Strategy 3.1: Renew the ethic of civic responsibility, in part by stimulating education institutions to focus on their civic missions.

The Corporation encourages schools and colleges to enhance their role in creating a socially engaged citizenry. At the primary and secondary levels, many schools have transcended an earlier view of public education where civic education consisted of understanding how government worked, to one where direct involvement in community affairs and service are being embraced. The Corporation has an important catalytic role in supporting this trend, particularly in school districts where funds are constrained, but where the community needs are often greatest.

Corporation-Wide Indicators for Strategy 3.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of schools with service-learning programs. <i>Source: Study by Westat, 2004</i>	30%
Percent of Federal Work-Study funding devoted to community service activities	N/A
Percent of high school seniors scoring at or above "proficient" on the National Assessment of Educational Progress (NAEP) civics assessment.	N/A
Percent of organizations that report that Learn & Serve-funded activities had a highly positive impact on their efforts to make service-learning a permanent part of their institution. <i>Source: CNCS National Performance Benchmarking, 2004</i>	47%
Percent of Learn and Serve organizations that frequently or always have at least six of nine characteristics of a high-quality service-learning program. ²³ <i>Source: 2004 LSA Program and Performance Measurement Report.</i>	75%

Strategy 3.2: Strengthen the spirit of community, as demonstrated by greater interaction and collaboration among individuals and institutions.

Under this strategy, the Corporation seeks to identify, refine, and promote new and innovative modes of community empowerment through voluntary service. A number of small grants (e.g. Martin Luther King, Next Generation grants) are intended to demonstrate new ways to manage and recruit volunteers, new organizational structures for community engagement, and innovative approaches to service delivery, particularly in high priority areas,

such as working with children of prisoners. The agency's programs also help to connect organizations and promote their partnerships to meet their community's needs..

Corporation-Wide Indicators for Strategy 3.2

Corporation-Wide Indicators	FY 2004 (baseline)
Social Capital Index. ²⁵	N/A
Percent of grantees reporting that service participant activities fostered greater community involvement ²⁶ <i>Source: CNCS National Performance Benchmarking, 2004</i>	61%
Number of Unified State Plans with acceptable score.	N/A

Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively.

Corporation programs are designed to stimulate volunteer service both directly through its members and participants and also through a long-term influence to create a culture of service in America. To do so, the Corporation's programs demonstrate models through which volunteer service can make a real difference in people's lives. The members and participants, in some cases provide services directly, but in others they help to increase the sponsoring and partner organizations' capacity to plan and manage volunteer-based programs. The Corporation's Learn and Serve program also teaches the Nation's youth that service is a lifelong commitment. Moreover, the Corporation serves to publicize and recognize the work of volunteer-based programs.

Corporation-Wide Indicators for Strategy 3.3

Corporation-Wide Indicators	FY 2004 (baseline)
Number of Americans who volunteer. <i>Source: U.S. Census</i>	63.8 million
Number of Americans who say they have devoted more than 100 hours of volunteer work in the past year. <i>Source: U.S. Census</i>	21.5 million
Average percent of time Americans spend volunteering. ²⁸	N/A
Number of community volunteers leveraged by AmeriCorps members. ²⁹	525,000
Percent of charities and congregations that report significant difficulties recruiting volunteers during the workday. <i>Source: Study by the Urban Institute, 2003</i>	25%
Number of non-profit organizations reporting that their volunteer leveraging efforts are stronger because of Corporation assistance (e.g., members)	N/A
Percent of nonprofit organizations that regularly train, and recognize their volunteers. <i>Source: Study by the Urban Institute, 2003</i>	69%

Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations.

Corporation-Wide Indicators for Strategy 3.4

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of Corporation grantees that are faith-based (and other community-based programs). ³⁰ <i>Source: CNCS program data</i>	Faith-based: 14% Other: N/A ³¹

Building on our Performance

The Strategic Environment

Over the coming decade, the Corporation will be challenged to adapt to changing demographic, social, and economic trends. These trends clearly point to expanding demand for community services. They also indicate a number of opportunities to increase the supply of community services through volunteer service-based programs, and to greatly increase the impact of the Corporation's programs overall. In FY 2004, the Corporation more fully incorporated a broader perspective and increased awareness of relevant trends into the strategic planning, budget development and policy development processes. The agency will continue to implement many on-going efforts to further incorporate knowledge of the Corporation's environment and improved information on the agency's activities and results into the agency's decision-making process.

Demographic Trends and Implications

Each of the Corporation's programs focuses on somewhat different demographic groups. AmeriCorps and, especially, the NCCC program engage young adults in intensive community service. Senior Corps engages older Americans, typically in part-time volunteering. Learn and Serve America promotes volunteerism among the nation's youth. Each of these programs helps to meet a variety of human needs. But the agency's central focus is on helping the most vulnerable Americans – children at risk and the frail elderly. As the nation's population changes, the Corporation's programs also will need to change to meet growing needs and take advantage of expanding opportunities.

The Aging "Baby Boomers."

The Baby Boom generation, defined as those born between 1946 and 1964, is about 77 million strong or 28 percent of the U.S.

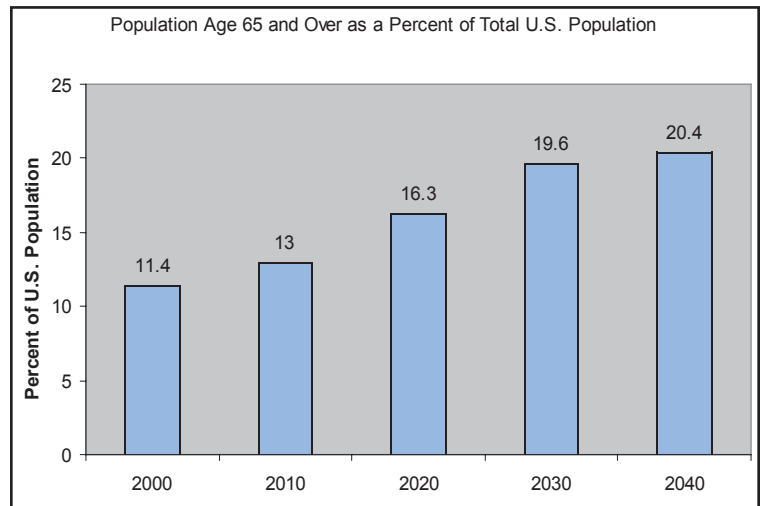
population. The oldest of them are just now beginning to retire. During the next decade, this trickle will turn into a flood of newly-retired “baby boomers,” as the number of Americans aged 65 and over grows from the current 36 million to about 40 million in 2010, and then explodes to 55 million, or about 16 percent of the country’s population, in 2020.

The “baby boom” generation will be the healthiest and best-educated generation of seniors in the Nation’s history. Fully 29 percent have a college degree. Most have extensive experience in the workplace and have gained a broad range of technical and social skills. Many are already committed to volunteerism and express a remarkable commitment to their communities. Many were inspired during their formative years by the example and idealism of programs like Peace Corps and VISTA. As “baby boomers” retire, they will have more leisure time than previous generations and could contribute their time and expertise to their communities. For the Corporation to effectively engage this population in volunteering, the agency will need to:

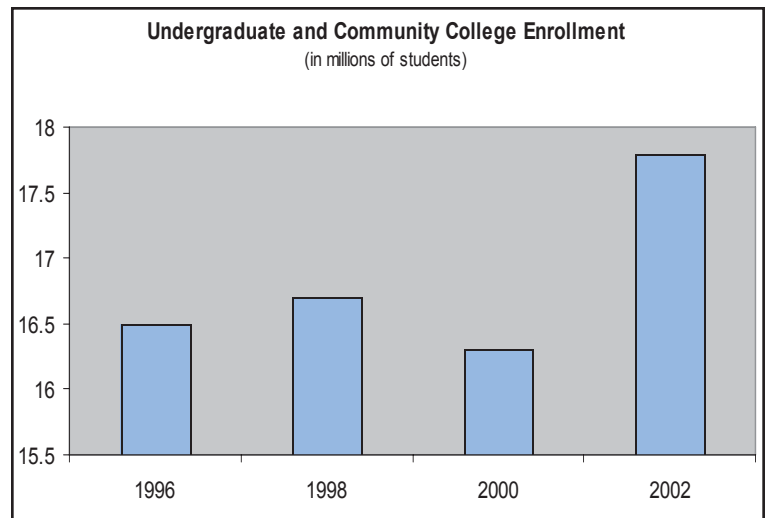
- Broaden the public image and operational flexibility of the Senior Corps programs;
- Promote opportunities for “baby boomers” in the AmeriCorps programs;
- Develop special outreach efforts that focus on the newly retired population, particularly in the locales where “baby boomers” are an especially large part of the population; and
- Support the Corporation’s partner organizations to build programs that can make best use of highly skilled volunteers, including volunteers available during the workday.

The “Echo Boomers.”

The current surge of “echo-boomers”—children of “baby boomers”—is currently seen in our crowded schools and colleges. This surge presents both new challenges and new opportunities for the Corporation. The increasing popu-



Source: U.S. Census

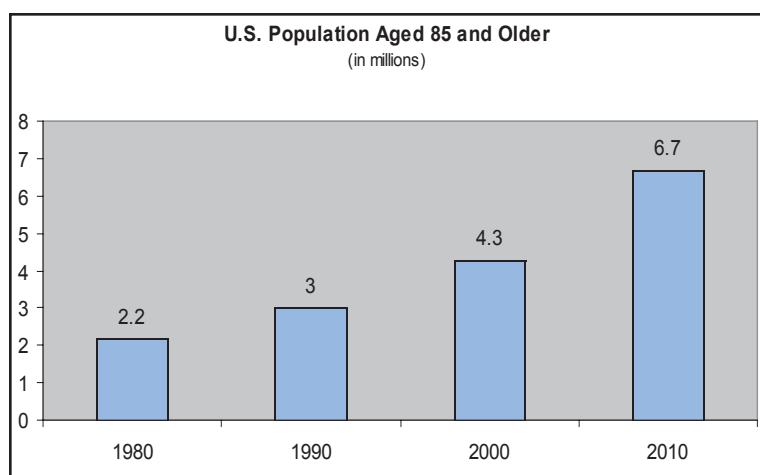


Source: U.S. Census

lation of children and teenagers is leading to growing needs for after-school tutoring and mentoring programs, anti-drug programs and similar support to help them become productive members of our society. As these “echo boomers” enter young adulthood, many will need to find the means to meet rising postsecondary education costs and corresponding student loan debts.

This increasing population of children and teenagers also provides opportunities for the Corporation to greatly increase the supply of community services. As children and teenagers, the “echo boomers” can participate in service-learning programs that not only help to provide services to others, but also teach civic responsibilities and promote lifelong volunteering. The Learn and Serve program must be adapted to take advantage of this opportunity by promoting the continued expansion of service-learning to all our schools.

As the “echo boomers” enter young adulthood, the Corporation can continue to engage them in service and help them to pay for postsecondary education through our intensive AmeriCorps programs that provide education awards, through partnerships with colleges and universities to provide college credit for service and through expanded work-study community service programs. As the “echo boomers” enter the workplace and begin to have families of their own, the Corporation can continue to develop service opportunities that enable them to help others, while meeting their other responsibilities.



Source: U.S. Census

Growing Frail and Elderly Population.

The fastest growing segment of the U.S. population is the group that is 85 years old and older—most of whom are frail and require help in living. The increasing life expectancy, now approaching 75 years for men and 80 for women, also is resulting in an increase in the number of somewhat younger seniors, with compelling human needs. While social services will be available to meet many of the needs of the expanding frail and elderly population, other aspects of their

needs, such as assistance with grocery shopping or helping to pay monthly bills, will need to be met through the help of their neighbors and other volunteers.

Increase in the Foreign-Born Population.

In the 2003 census, 33.5 million people (or 12 percent of the U.S.

population) were estimated to be foreign-born. Many of these people will not have sufficient English-language skills to work at more than relatively low-paying jobs, often with little or no health insurance. This population, which grew by about 37% in just eight years is expected to continue to grow dramatically. This trend presents both a challenge and an opportunity to the Corporation. While many of the expanding foreign-born population will need support services, such as classes in English as a Second Language or job skills, others could represent a significant resource to their communities and could help their fellow foreign-born or other neighbors in a variety of ways.

To meet growing needs, the Corporation must take advantage of key opportunities to attract more Americans to service and volunteering. Demographic trends presage shifts in how we structure and market our programs. To meet the implications of these trends, the Corporation must continue to refine its programs and develop effective and efficient approaches to meet the needs of the Nation's changing population.

At-Risk Youth

A large population of American children continue to face enormous obstacles to becoming productive adults, capable of holding down employment, earning a sustainable wage, supporting a family, and positively contributing to their communities. The Corporation and its predecessor agencies have a long history of giving the highest priority to assisting this population, across the country in urban and rural settings.

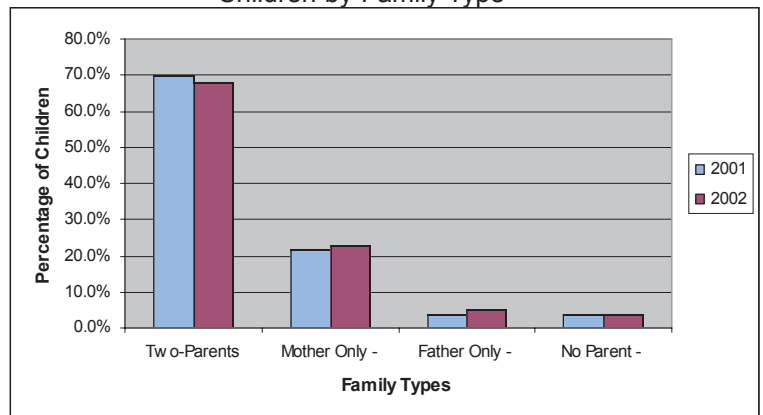
Children in Severely Distressed Neighborhoods

Children growing up in severely distressed communities, characterized by high poverty rates and a variety of social problems, from high crime rates to early experimentation with illicit drugs, are more likely to be at risk of school failure, unemployment, criminal behavior and persistent poverty. In 2000, 5.6 million children, or about 8 percent of the children under 18 years old, were living in severely distressed neighborhoods, 852,000 more than in 1990.

Children in Single-Parent Families

Family structure also plays a critical role in determining whether children become productive members of society. Data clearly show that children in single, female-headed households are more likely to be poor and are comparatively more likely to have aca-

Children by Family Type



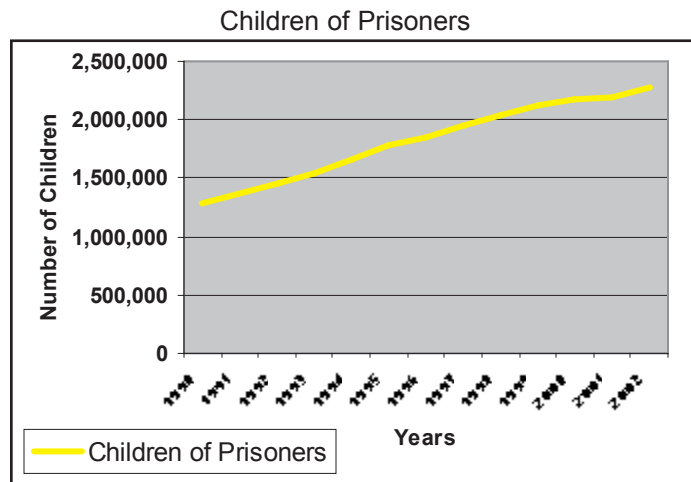


"Tonight I ask Congress and the American people to focus the spirit of service and the resources of the government on the needs of some of our most vulnerable citizens— boys and girls trying to grow up without guidance and attention, and children who have to go through a prison gate to be hugged by their mom or dad [...] Government will support the training and recruiting of mentors; yet it is the men and women of America who will fill the need. One mentor, one person can change a life forever. And I urge you to be that one person. *President George W. Bush, January 28, 2003*

demographic and behavioral problems, leading to poor socioeconomic status later in life. Almost 30 percent of children under age 18 were living in single parent or no parent homes in 2002.

Children of prisoners

A particularly challenging subset of all “at-risk” children is composed of those with an incarcerated parent. These children not only face the risk associated with growing up in a single-parent household or one with no parent present, but also experience the stigma of having a parent in jail or prison. In 2003, over two million children had an incarcerated parent, nearly double the number in 1991.



Social Trends and Implications

The Service Learning Movement

The service learning movement, which gained strength in the 1990s, is now well established in many locales. It is reflected in the community service graduation requirements for a growing number of high schools, in the granting of school credit for public service, and in a budding movement to integrate civic education into school curricula. A recent study indicated that 30 percent of all public primary and secondary schools now offer service-learning opportunities, as compared to less than 10 percent in 1984.³² Half of all community colleges offer service-learning opportunities. Twenty percent of the Nation’s college and university presidents belong to Campus Compact, a national coalition committed to helping students develop the values and skills of citizenship through participation in public and community service. Service learning not only provides and promotes community service both in school and in later years, but also results in improved academic performance.

The Corporation, especially through the Learn and Serve America program, has been the catalyst for this movement. Approximately 1.1 million students participate annually in 2,000 local Learn and Serve-supported projects in which community service is integrated into the classroom and extracurricular activities. Learn and Serve America higher education programs annually engage about 30,000 participants in service linked to their studies at 250 institutions of higher education. Most schools that received funding through the Learn and Serve America program have institutionalized service-learning, so that service-learning programs continue after Federal funding ends.

Unfortunately, recent studies indicate that growth in service-learning has begun to plateau. Although the percentage of schools with service-learning programs more than tripled from 1984 to 1999, since then, this rate has remained at just 30 percent. The Learn and Serve America program must re-stimulate the growth in service-learning.

Volunteering in America

Currently, about 29 percent of the U.S. population, or about 64 million people volunteer in their communities an average of about one hour per week. However, an additional 52 percent would volunteer, if they had more information on volunteer opportunities, a good match of their skills with the volunteering activity, and more time to volunteer.

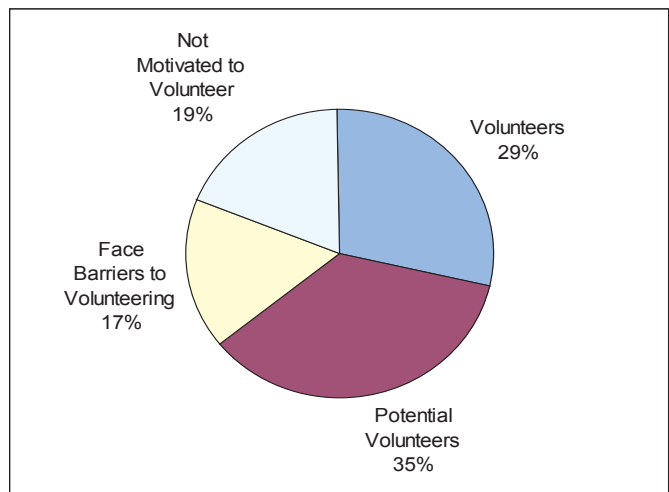
At the same time, more than 90 percent of charities and congregational social service outreach organizations reported that they could use, on average, 20 more volunteers each, or about 6 million additional volunteers nationwide. These organizations also reported that effective volunteer recruitment and management was a challenge for them. Recruitment, particularly of volunteers available during the workday and with the right skills and work habits, as well as the lack of staff to train and supervise volunteers are the biggest impediments for these organizations to expanding their volunteer services.

Addressing these factors could have a broad impact on the number of Americans serving their communities.

The Non-Profit Volunteer Sector

The non-profit volunteer sector is highly complex, with interwoven partnerships and relationships involving a wide range of

Responses to CPS Volunteering Survey



Source: U.S. Current Population Survey (CPS) conducted by the Census Bureau

Volunteer Management Capacity in America's Charities and Congregations

The Corporation recently completed the first study of volunteer management capacity among America's charities and congregations. This study assessed the ability of these organizations to utilize volunteers, including the extent to which they have adopted various effective management practices, as well as the challenges they face in managing and retaining volunteers and the types of changes that could increase their ability to engage volunteers. The study was conducted in the fall of 2003 by the Urban Institute, on behalf of the Corporation, the UPS Foundation, and USA Freedom Corps and is based on a representative sample of congregations of all faiths and other charities throughout the country.

The study found that the benefits volunteers bring to organizations are quite large, with these organizations reporting that one hour of a typical volunteer's time was worth \$20. However, the study also identified several barriers that prevent these organizations from realizing the full benefits of their volunteers.

Overcoming Obstacles to Improved Use of Volunteers

The study also concluded that:

- Volunteer management capacity could be enhanced by helping organizations to recruit more volunteers (particularly during the work day and with specific skills), invest in staff support for volunteers, and provide opportunities for volunteer management training.
- When paid staff members dedicate a substantial portion of their time to the management of volunteers, organizations experience fewer recruitment challenges and demonstrate greater adoption of volunteer management practices.
- More than nine out of ten charities and congregational social service programs indicate that they are able to take on additional volun-

teers at current capacity; however, many experience difficulty in recruiting sufficient numbers of volunteers and would like more information about potential volunteers.

- While additional funding to cover the expenses of volunteer involvement is a popular capacity-building option, an even greater percentage of charities and congregations indicated that a full-time, stipended volunteer with responsibility for volunteer management would enhance their volunteer programs.
- Charities that screen and match volunteers, offer training and development opportunities for volunteers, provide recognition activities for volunteers, and use volunteers to recruit other volunteers demonstrate higher volunteer retention rates than charities that have not regularly adopted these practices.
- Charities that collaborate or partner with religious organizations report greater benefits from volunteers. Yet, only 15 percent of charities with a secular mission report that they partner with religious organizations.
- Most congregations partner with other organizations when running their social service outreach activities and tend to provide emergency services.

organizations. Not only are there many community and faith-based organizations, there also are many national direct service and grant-making organizations, volunteer centers that specialize in helping other organizations recruit and manage their volunteers, and regional and state-sponsored organizations such as the state service commissions.

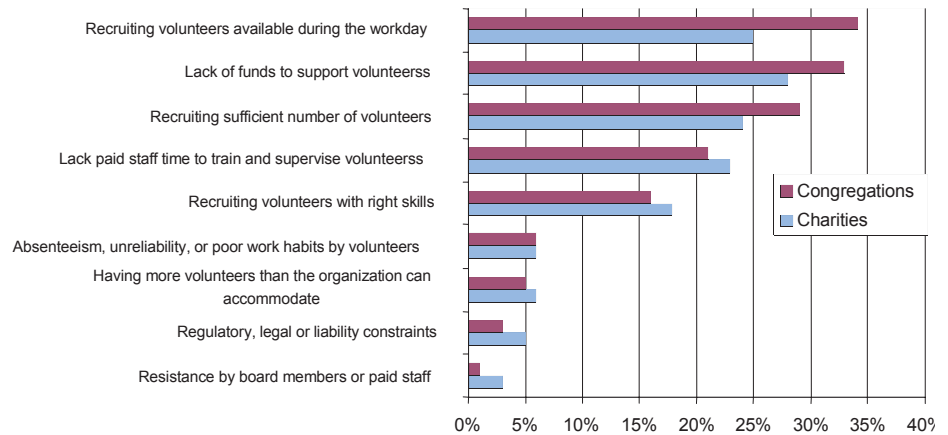
These organizations provide both direct service delivery and make sub-grants to other organizations that provide direct services. They vary widely in size and funding, with smaller organizations having annual budgets often of less than \$250,000 and larger organizations frequently with budgets of \$1 million or more. They provide services to people of all ages, in rural and urban settings—in schools, hospitals, and state forests—and help to meet educational, public safety, environmental and other human needs. As with for-profit organizations, partnerships and a focus on the organization's core functions and highest value-added services are helping to bring greater efficiency and effectiveness to the operations of these organizations, but also are contributing to the further complexity of the sector.

The Corporation recently completed a study of volunteer management capacity in America's charities and congregations. This study, combined with existing and planned research and data, is helping the Corporation to identify better, more effective and efficient ways to support and expand the non-profit sector and the services they provide. For example, the agency can better focus its training and technical assistance to grantees to promote more effective volunteer management practices, or target its resources to key aspects of the volunteer generation and management process.

Homeland Security, Disaster Preparedness and Recovery.

Although the future extent of terrorism, extreme weather events, and other man-made and natural disasters is not knowable, the nation can become better prepared to respond to such emergencies. All of the Corporation's programs contribute to improved preparedness and respons; but the NCCC program is particularly

Percentage of Charities and Congregational Social Service Outreach Activities That Cite Various Challenges as a Big Problem in Their Volunteer Programs



Source: 2003 study, "Volunteer Management Capacity in America's Charities and Congregations," conducted by the Office of Research and Policy Development of the Corporation

well structured to meet these needs. Using its quick-response, team-based approach, NCCC team members have provided emergency assistance in responding to forest fires, hurricanes and other disasters, often providing the organizational and management support necessary to effectively mobilize thousands of other community volunteers.

Beginning in 2001, the Corporation gradually modified its programs and priorities to better support homeland security and disaster preparedness and response. However, the Corporation's programs can be made to more effectively and efficiently deliver this support throughout the country. For example, the Corporation could further emphasize the effective coordination

of its efforts with its partner organizations and provide improved coverage in currently underserved areas and populations.

Economic Trends and Implications

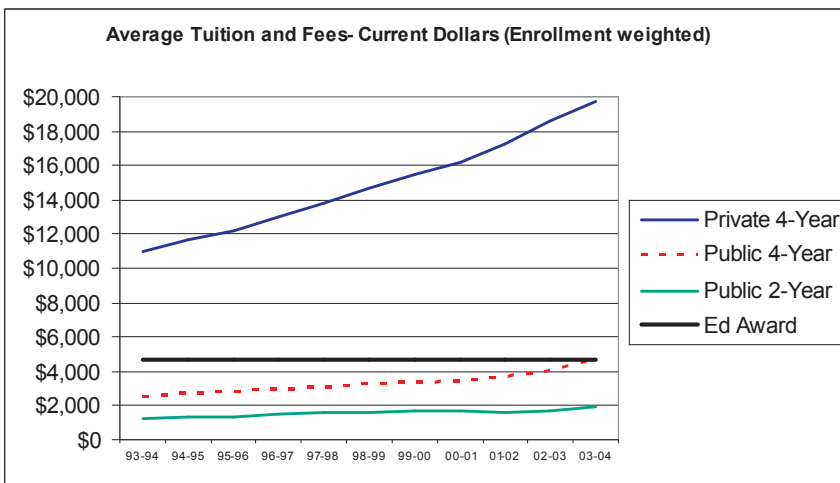
College Tuitions.

The rising cost of a college education is both a challenge and an opportunity for the Corporation. The AmeriCorps program was created in part to

help narrow the college affordability gap by providing a \$4,725 education award in exchange for a year of service. Although inflation has eroded the education award's value, it is still equal to the average tuition and fees of one year at a public four-year college and two years at a public two-year college. The Corporation's programs can be structured to better meet the needs of students, not only through the education award for AmeriCorps members, but also through the expansion of service-based College Work Study and improved support for current members to continue their educations.

Corporation Performance Challenges

All of the trends—economic, social and demographic—point to the need for the Corporation to continuously review and revise its programs to meet the rapidly changing challenges and opportunities that will present themselves over the coming years. The Corporation has begun to analyze and determine appropriate changes to meet these needs.



¹ The distribution of funding (obligations) by goal is based on the primary roles of our programs and the components of our programs, such as the education award and senior stipend. The derivation of this distribution is provided in Appendix B: Derivation of Estimated Funding by Goal.

² For State/National the figure for FY 2004 is lower than most years due to a pause in enrollment.

³ The Corporation is developing a definition of “highly disadvantaged communities” based on percent in poverty, unemployment, education, household income, and per capita income. For FY 2005, county level data will be matched against addresses of grantees and subgrantees for AmeriCorps, VISTA and State/National programs.

⁴ Data will be available following completion of final grant competition for 2004 program year.

⁵ This includes children of prisoners served by 278 Senior Corps and VISTA programs, and refers to a range of services provided to the children. Data for other Corporation programs are expected in FY 2005.

⁶ These data will be available beginning in FY 2005.

⁷ There are some instances of more than one Citizen Corps in a county.

⁸ This is based on a survey of those receiving training, and indicates the percentage reporting that as a result of the training they or their organization had followed up by preparing emergency kits, conducting emergency drills, changing organization operations, or related preparedness activities.

⁹ The Corporation has so far not been able to collect reliable data on this indicator.

¹⁰ Beginning in FY 2004, all grantees began submitting proposed performance goals. The Corporation is now reviewing the first round of self-assessments against these goals, and developing standards for judging performance by grantees.

¹¹ It is anticipated that the Corporation will be able to report on this indicator for AmeriCorps programs beginning in FY 2005.

¹³ Initial efforts have been unsuccessful in attaining reliable data.

¹⁴ AmeriCorps only, based on a random sample. “Minority” includes all who identified themselves as other than “White, not Hispanic”.

¹⁵ It may be possible to begin to report on this indicator for some programs in FY 2005.

¹⁶ Data is not yet available for all Corporation programs. However, the percentage of RSVP participants is 5.1%; for VISTA the percent is 32.8%.

¹⁷ Recruitment to serve in AmeriCorps through VISTA and the State/National programs are generally handled by the grantees themselves, and application data is not systematically kept nor passed on to the Corporation. For NCCC, there were 4,084 applicants for 1,187 slots in FY 2004, or about 3.4 per position.

¹⁸ Percent who responded that to a great (58%) or moderate (34%) service increased life skills defined as leadership, teamwork, communications, time management, and decision-making.

¹⁹ This includes 62 percent reporting that they were helped to a great extent and 31 percent reporting that they were helped to a moderate extent.

²⁰ This is the average percent of RSVP volunteers who agreed (58%) or strongly agreed (36%) that volunteering 1) had given more meaning to their lives, 2)

had given them a more positive outlook, 3) had made them better informed citizens, and 4) had made them feel more competent.

²¹ This is the percent of those entering Americorps service in 1997, and who had used the award by the time it had expired in FY 2004.

²² This includes some colleges that have agreed to match education awards based on personal requests, but do not have a formal program for doing so.

²³ These include: 1) activities of a significant duration, 2) clear and specific learning objectives, 3) connections between service and learning, 4) connection of curriculum, 5) explicit relationship between service and civic participation, responsibility, skills, and concepts, 6) formal reflection, 7) leadership roles for participants, 8) strong community partnerships, and 9) emphasis on both learning and service.

²⁴ "Engaging Youth in Lifelong Service," Independent Sector, 2002.

²⁵ There is no official "social capital index" for the Corporation or the Federal Government overall. The Corporation will continue to explore developing an appropriate one as a composite of broadly available data.

²⁶ This indicator is a composite of the responses to six questions pertaining to the effect on the organization as a result of its involvement with AmeriCorps: increased the number served by a considerable amount (State/National and VISTA), leveraged considerable number of additional volunteers (State/National and VISTA), brought in considerable additional funds (VISTA), brought in considerable donations of goods and services (VISTA), led to a considerable increase in number served (VISTA and NCCC), and led to a considerable increase in involvement in coalitions and partnerships (NCCC).

²⁷ The Corporation is studying the feasibility of scoring these required plans annually, beginning in FY 2005.

²⁸ These data do not seem to be readily available on a national level.

²⁹ This is for the NCCC program only. The State/National and VISTA data are not yet available. These programs are revising their data collection systems in order to provide this information on a timely basis in FY 2005.

³⁰ Does not include formula-based grants.

³¹ The Corporation is seeking additional data for all programs beginning in FY 2005 to report on involvement with community-based organizations that are not faith-based.

³² Study conducted by Westat, Inc., 2004

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Management Performance Highlights

Overview

The Corporation places a major emphasis on improving the agency's management and relationships with its customers and is implementing reforms affecting nearly every aspect of the agency's operations. Such reforms reflect the concepts and approaches outlined in the President's Management Agenda, OMB's Program Assessment Rating Tool, the Strengthen AmeriCorps Program Act and other statutory and regulatory requirements, as well as the Inspector General's and the agency's own identification of changes needed to ensure effective, efficient and legal agency operations. The following sections describe the agency's:

- Overall management goal (Goal 4), supporting strategies and performance measures
- Progress in implementing the President's Management Agenda
- Response to OMB's Program Assessment Rating
- Analysis of budgetary expenditures, financial condition and financial statements
- Management controls, systems and compliance with legal and regulatory requirements
- Audit results



Goal 4: Improve the Corporation's Trust, Credibility, Accountability, and Customer Focus (\$82 million)

Effective agency management, including ensuring the agency's credibility and accountability, is so critical to achieving the agency's mission that the Corporation has elevated its management goal to the same level as the agency's mission goals. Thus the agency's fourth primary goal is to improve the Corporation's trust, credibility, accountability and customer focus.

As with its mission goals, in FY 2004 the Corporation developed strategies and performance measures to help guide the agency's actions and measure its progress in achieving its management goal. Because these performance measures were only recently developed, the agency is not generally able to report on its FY 2004 performance against these measures. In FY 2005, the Corporation will fully analyze the reporting requirements and processes necessary to use these measures. In some cases, this

analysis may conclude that a particular measure is not feasible; however, the Corporation will establish and implement the necessary reporting to support measurement against these or comparable measures and will establish a performance baseline and set targets for subsequent years' performance.

The Corporation has made significant progress in a number of key management areas over the past few years, including developing and implementing grantee and Corporation performance measures; developing grant guidelines that require grantees to better leverage Corporation dollars; increasing Board oversight; implementing policies aimed at increasing our programs' accountability and effectiveness; implementing fiscally sound management of the National Service Trust; improving budget execution, financial and grants management; and, enhancing the agency's information technology systems and capital planning. The Corporation's management reforms are enhancing its financial integrity and helping to ensure the accurate, timely, and relevant reporting of financial information.

Strategy 4.1: Restore trust and credibility.

Following the problems associated with shortfall in the National Service Trust that was identified in FY 2002, many of the Corporation's stakeholders were concerned that other problems may exist and that the Corporation was not being managed effectively. Although the Corporation's own internal review identified no further similar problems, the Corporation's trust and credibility with its stakeholders had been seriously compromised. To address this problem, the Corporation identified restoring trust and credibility as one of its primary management objectives.

To help measure the Corporation's progress toward strengthening its trust and credibility, the agency identified the following performance measures for which baselines will be established in FY 2005, using the identified data sources, and for which targets will be set for FY 2006.

Corporation-Wide Indicators for Strategy 4.1

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of key financial stakeholders who say the Corporation is trustworthy <i>Source: Customer survey to be developed in FY 2005</i>	N/A
Percent of employees who feel the Corporation's leaders consistently demonstrate integrity and honesty <i>Source: Federal Human Capital Survey, initially conducted in October 2004</i>	N/A
Ratio of positive to negative media citations in major outlets <i>Source: Office of Public Affairs media monitoring beginning in FY 2005</i>	N/A

A number of recent external reviews-by the GAO, OIG, and an independent auditing firm-found that the Corporation: 1) is in compliance with the requirements of the Strengthen AmeriCorps Program Act; 2) is following sound business and accounting practices; and 3) is effectively addressing identified weaknesses through major management reforms.

A new evaluation unit in the OIG will bring a fresh perspective to identifying best practices. The National Academy of Public Administration (NAPA) soon will make recommendations about our leadership structure, operations, management and grants programs. The Corporation itself has expanded its internal oversight by expanding its evaluation, program review, analysis and performance-based budget development efforts. Such oversight and the Corporation's continued open, transparent and collaborative approach will help the Corporation to continuously improve its management, trust and credibility.

Strategy 4.2: Manage to accountability.

Through a focus on greater accountability, the Corporation will not only ensure that all its programs and operations meet all statutory and regulatory requirements, but also will promote more effective and efficient use of its resources.

To help measure the Corporation's success in managing to accountability, the agency identified the following performance measures for which baselines will be established in FY 2005 using the identified data sources and for which targets will be set for FY 2006:

Corporation-Wide Indicators for Strategy 4.2

Corporation-Wide Indicators	FY 2004 (baseline)
Number of grantee noncompliance findings in site visit and audit reports <i>Source: Field Liaison Office's monitoring of site visit and OIG audit reports, beginning in FY 2005</i>	N/A
Number of consecutive clean audit opinions <i>Source: OIG audit reports</i>	5
Number of consecutive Certificate of Excellence in Accountability Reporting awards <i>Source: Association of Government Accountants (AGA) award program; the Corporation's FY 2004 Performance and Accountability Report will be the first such report submitted by the agency to the AGA for evaluation</i>	N/A

In FY 2004, the Corporation's management of all its programs, organizations and processes was improved to ensure greater accountability, and thereby improved performance.

Central to this effort is the agency's ongoing development of a comprehensive performance measurement and management pro-

gram. Under this program, which is described in more detail in the President's Management Agenda—Budget-Performance Integration section, each grantee now is required to submit information on its performance, documenting the actual impact of the program on the people and communities it serves. In addition, the Corporation's own performance will be measured against a hierarchy of performance measures, ranging from national, outcome-oriented performance measures to operational performance metrics.

These performance measures and the data to support their ongoing monitoring will be maintained in a data warehouse that is currently under construction. To help focus management attention on the most critical aspects of performance, the agency also has begun to develop a management "dashboard" that will place key performance metrics for each of the Corporation's functions at the fingertips of executives and managers. Moreover, for all of its programs, the Corporation has begun to produce annual performance data pertaining to participants, grantees, sub-grantees, and end beneficiaries. Analysis of this data in FY 2005 and beyond will enable the Corporation and its partners to make more performance-based judgments on the funding allocations, program policies, and management priorities that will produce the greatest results.

Because the Corporation's programs operate primarily through grants, the agency also focused considerable attention in FY 2004 on improving its grants management, monitoring and oversight. The grant-making process was simplified and improved by, for example, improving the quality of peer reviewers and internal agency analyses of grant applications, continuing to upgrade the agency's new eGrants system and using more analytical tools for portfolio development. The Corporation's grant compliance monitoring also was improved, with more comprehensive written guidance covering all Corporation programs and the development of improved administrative standards for the state service commissions, among other reforms.

To support continued improvements in management accountability, the Corporation initiated business process reviews of many of its internal processes. Under contract, a private, independent firm completed initial reviews of the agency's grants management, National Service Trust, procurement, and VISTA and NCCC member payroll processes. Based on these reviews, the Corporation identified opportunities to streamline labor-and-paper-intensive processes, eliminate redundant data entry, and reduce errors

Strategy 4.3: Put the customer first.

In FY 2004, the Corporation's new Chief Executive Officer placed customer service as one of the agency's highest priorities. Thus, the Corporation's third management priority focuses on our customers—the program's end beneficiaries, grantees, members and other constituents that benefit from the Corporation's programs. Only by placing an emphasis on service to our customers can the Corporation effectively focus its efforts to meet their needs.

While the Corporation will continue to assess its performance along a broad range of dimensions through ongoing, detailed customer surveys, the agency also identified in FY 2004 two key performance measures against which to measure its customer service performance at the Corporate level in FY 2005 and beyond, as follows:

Corporation-Wide Indicators for Strategy 4.3

Corporation-Wide Indicators	FY 2004 (baseline)
Average burden hours per grant associated with applying for Corporation grants <i>Source: OMB reporting burden analysis</i>	N/A
Overall score on the American Customer Satisfaction Index <i>Source: National Performance Benchmarking Study</i>	57 out of 100

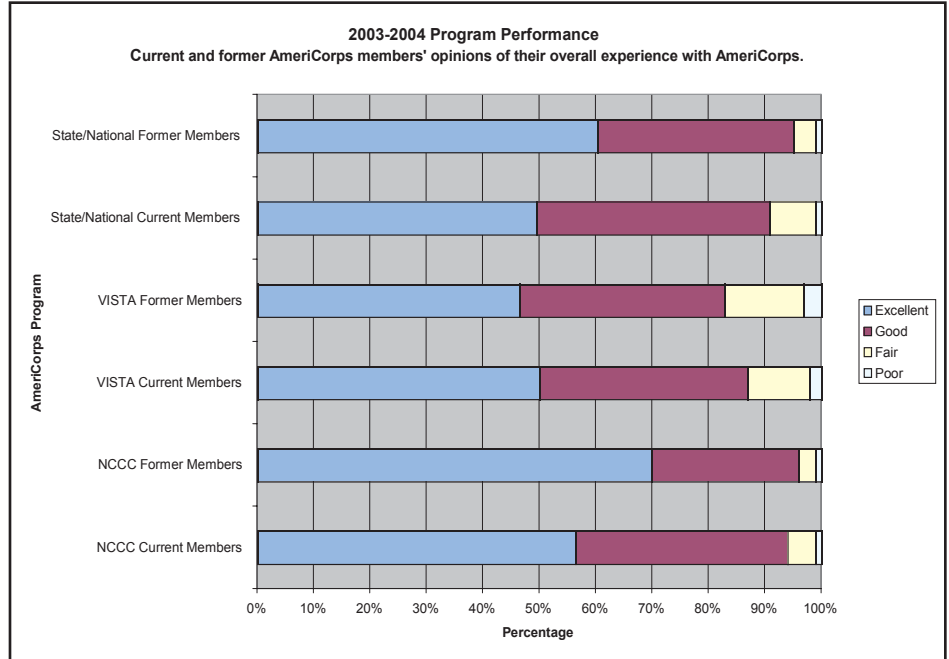
To help implement this customer service priority, in FY 2004 the Corporation:

- Greatly improved the grants application, funding and management reporting process (additional details on these improvements are provided in the Grants Management section of the discussion of the President's Management Agenda);
- Began to conduct annual customer surveys of its grantees/sub-grantees, service participants and end beneficiaries; and
- Began developing plans to further assess customer satisfaction through additional surveys of its other customers, such as Congressional and OMB staff.

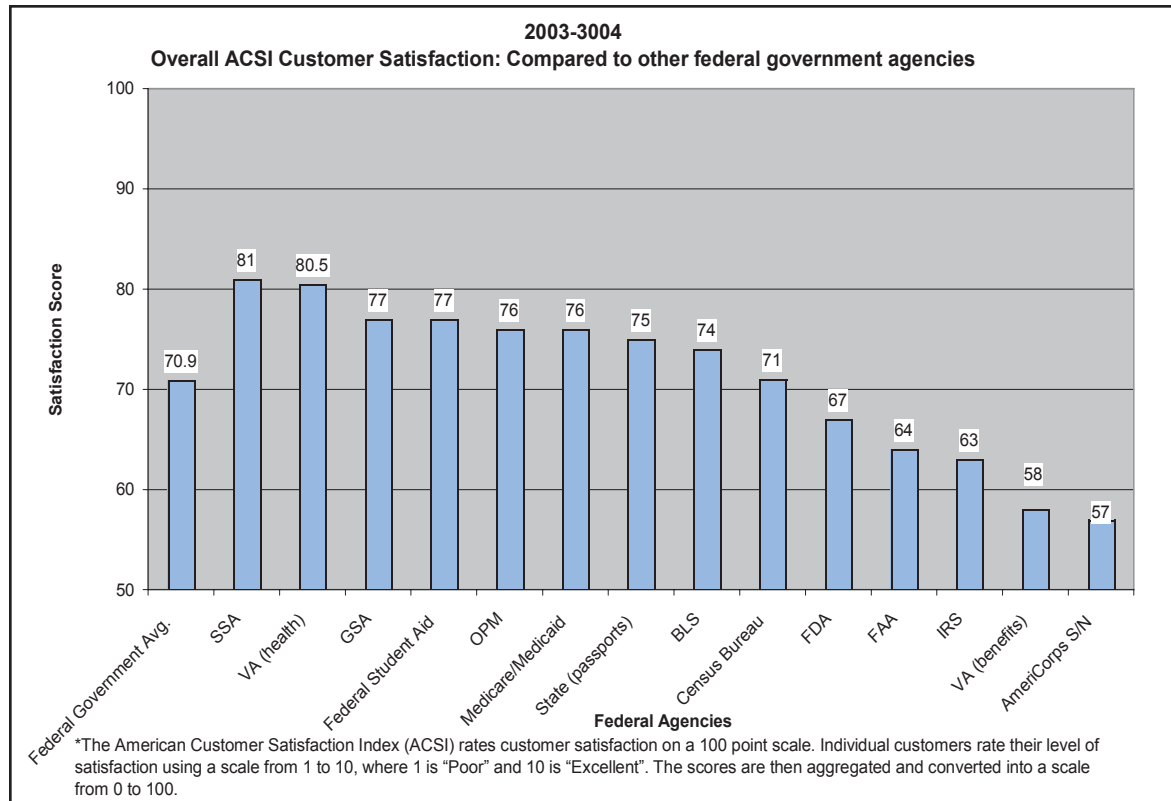
Initial results from the Corporation's recent survey of AmeriCorps grantees, participants and beneficiaries are beginning to indicate the areas most in need of improvement. For example, the following graphs show that most current and former AmeriCorps members considered their AmeriCorps experience to be excellent or good (50 percent and 40 percent, respectively for current members, and 61 percent and 34 percent, respectively for former members). This data also show that VISTA members were not as happy with their experience as members of other AmeriCorps programs. As a result, the Corporation is looking further into aspects of the VISTA members' experiences to deter-

mine how to better meet members' expectations.

Also as part of the National Performance Benchmarking Initiative, the Corporation recently surveyed state commissions, national direct organizations, national education award organizations, tribes and territories using the American Customer Satisfaction Index (ACSI).¹ This data, shown below, clearly indicates that the Corporation's AmeriCorps*State and National program is not adequately meeting its grantees' needs. A further analysis of the program's customer satisfaction index for particular aspects of grantee customer service, also shown below, is helping the Corporation to identify particular aspects of its grant-making services in need of improvement.



Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004



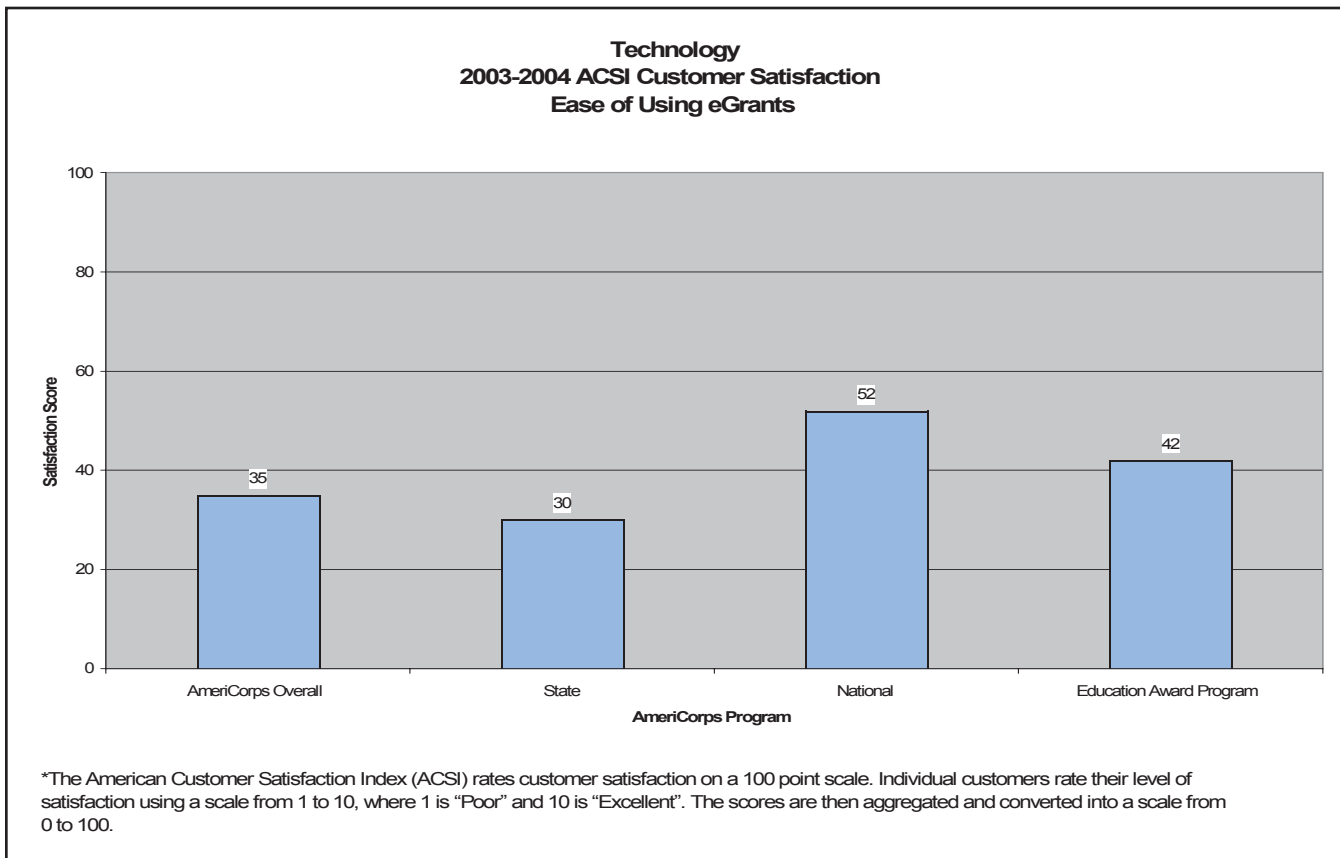
Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

AmeriCorps*State and National 2003-2004 ACSI Customer Satisfaction:
Components of Customer Service

	AmeriCorps Overall	AmeriCorps State	AmeriCorps National	AmeriCorps EAP
Transparency of funding decision process	40	35	56	61
Timeliness of being notified of funding decision decisions	50	41	62	66
Quality of assistance AmeriCorps staff provides	78	71	86	92
AmeriCorps' ability to articulate a vision for National and Community Service	59	52	68	75
Consistency of information about Corporate programs and policies	54	47	66	68
Helping to foster new partnerships with other organizations	42	31	56	67

Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

Also in FY 2004, recognizing the need to continue to make effective use of technology to meet customers' needs, while enabling effective grant management and monitoring, the Corporation continued to make improvements to its eGrants system, the agency's central system for tracking and managing its grants.



Source: Early results from the National Performance Benchmarking Project, conducted by the Urban Institute and the Office of Research and Policy Development in FY 2004.

However, data from the same National Performance Benchmarking AmeriCorps survey indicated that much more must be done. In FY 2005, the Corporation will implement further improvements to the eGrants system, based on the feedback of the grantees and the needs of agency grant managers.

The Corporation also is developing plans to implement a Customer Relationship Management System. This system will help to support a "one-stop" approach to customer service, reduce the need to refer customers to other staff and provide the information the staff need to help solve customer problems quickly and correctly.

Strategy 4.4: Build a diverse, energized, high-performing workforce.

In FY 2003, our Inspector General and the Office of Personnel Management issued highly critical reports on the Corporation's human capital program. These reports, augmented by suggestions from Corporation employees, led us to reassess nearly all of the agency's human capital programs and to identify human capital development as a key Corporation management goal. To help assess the agency's progress in meeting this goal, the agency identified the following performance measures in FY 2004 and will report on these measures as data becomes available:

Corporation-Wide Indicators

Corporation-Wide Indicators	FY 2004 (baseline)
Percent of employees reporting high overall job satisfaction <i>Source: Federal Human Capital Survey; initially conducted in October 2004</i>	N/A
Percent of employees rating "fully successful" or higher on annual performance appraisals <i>Source: Office of Human Capital's performance records system; initial results of the more performance-based appraisal system for supervisors available in January 2005</i>	N/A
Percent of managers from under-represented groups <i>Source: Office of Human Capital's staffing database</i>	N/A
Percent of annual performance targets met or exceeded <i>Source: to be determined</i>	N/A

During FY 2004, the Corporation moved forward in implementing three key strategies to build the agency's human capital. These strategies focused on:

- Implementing a comprehensive strategic workforce plan;
- Ensuring a fair, performance-based appraisal system; and
- Identifying and responding to employee needs

In FY 2004, the agency developed a preliminary Strategic Human

Capital Plan that is designed to advance workforce planning, encourage a results-driven, performance culture and open-up communication and decision-making. Under this plan, the Corporation ended the predominant use of term appointments and is now implementing electronic, web-based recruitment and application systems. These changes are helping to increase the number of high-quality job applicants and significantly improve employee morale.

In the area of employee performance management, the Corporation implemented a new, five-level performance appraisal system for managers. This system holds managers accountable for results and distinguishes between levels of performance. Moreover, the Corporation more closely tied management's bonuses and pay adjustments to their performance.

To help its managers and staff to meet performance expectations, the Corporation also began to more systematically identify and attempt to meet its employees' needs. For example, the Corporation initiated a survey of employees based on the government-wide survey developed by the Office of Personnel Management (OPM). Moreover, the agency doubled its investment in employee training and promoted leadership development by encouraging all supervisors, managers and executives to participate in "360-degree" assessments by the individual's supervisors, peers and staff.

(Further details of the agency's FY 2004 human capital accomplishments are provided in the Human Capital section of the President's Management Agenda discussion.)

President's Management Agenda

In order to ensure accountability for performance and results, the Administration identified the following five government-wide areas for improvement: the strategic management of human capital, improved financial performance, competitive sourcing, expanded use of electronic government, and the integration of budget and performance information. The Administration also identified several additional areas for targeted improvement specific to those agencies with certain types of programs, such as loan or grant programs. As a grant-making agency, the Corporation works to meet not only the five government-wide objectives, but also to reduce barriers to the participation of faith-based and other community organizations in Federal grant programs.

The President's Management Council defined specific standards for success in each area, in consultation with experts throughout government and academe, and established a rating system to measure agencies' progress in meeting these standards—green for success, yellow for mixed results and red for unsatisfactory. This system includes two ratings—one to assess the agency's management operations, the "status" rating, and one to assess the agency's progress in implementing improvement plans, the "progress" rating. These two ratings use the following scale:

- Status rating—To receive a green status rating (**G**), the agency must meet all of the standards for success, representing the highest operational characteristics; a yellow rating (**Y**) requires the agency to meet all the success standards representing transitional operational characteristics; while a red rating (**R**) applies to performance that fails to meet any one of the yellow standards.
- Progress rating—For the progress rating, green (**G**) means the agency's implementation of improvement plans is proceeding on schedule; a yellow rating (**Y**) means that some slippage or other problems are inhibiting the agency's planned achievement of the success standards; while a red rating (**R**) indicates the initiative is in serious jeopardy and is unlikely to realize its objectives without significant management intervention.

Further information on the President's Management Agenda (PMA) and its rating system is available at <http://www.results.gov/agenda/scorecard.html>.

Although the Corporation is not required to meet the specific requirements of the President's Management Agenda due to its status as a small, government-sponsored corporation, the agency has adopted the PMA as a guide to help focus the agency's management improvement efforts. A summary of the Corporation's self-assessments against these standards and the actions taken and planned for each of these issue areas follows.

Corporation Rating Summary

Corporation Rating Summary

	Status	Progress
Human Capital	R	G
Financial Management	Y	G
Competitive Sourcing	Y	G
Expanding E-Government	R	G
Budget and Performance Integration	R	G
Faith-based and Community Initiative	G	G
<i>Overall Agency Rating</i>	R	G

Strategic Management of Human Capital

The Corporation recently reassessed nearly all of its Human Capital Plan, modeled on the Office of Personnel Management's (OPM's) Human Capital Standards for Success. This plan, which reflects discussions with employees, managers, and Administration officials, is helping the Corporation to:

- Align all staff performance toward achieving the Corporation's mission and strategic goals;
- Plan for and deploy the resources necessary to achieve those goals;
- Ensure Corporation leaders effectively manage people and cultivate a climate of continuous learning and organizational improvement;
- Leverage features of the Alternative Personnel System and the General Schedule system to attract, acquire and retain quality employees;
- Promote a diverse, results-oriented, high-performing workforce;
- Differentiate between high and low performance and link individual/team/unit performance to organizational goals; and
- Assure accountability to Administration goals, laws, regulations, merit principles, the public interest and the highest standards of ethics and integrity.

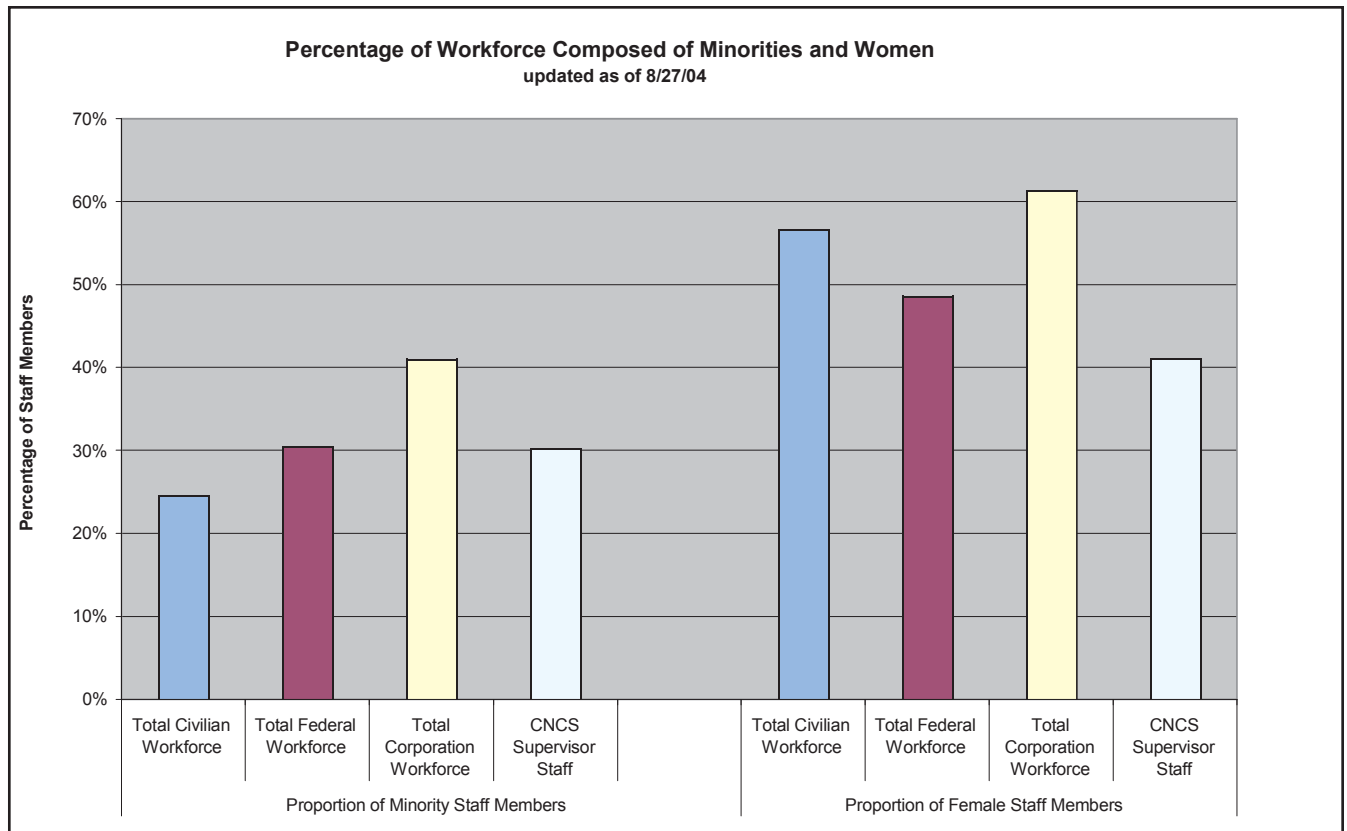
The Corporation is committed to building a diverse, energized high-performing workforce. Working against our preliminary Strategic Human Capital Plan, the agency implemented major human capital reforms in FY 2004. For example, the Corporation:

- Reformed the long-time practice of using term appointments for on-going positions to instead use permanent appointments, thus increasing the number of high-quality job applicants and significantly improving employee morale;
- Tightened the criteria used to determine bonuses and pay adjustments and implemented a rigorous new managerial appraisal system, thus more closely tying pay to performance;
- Doubled the agency's investment in employee training;
- Promoted leadership development by encouraging all supervisors, managers and executives to participate in "360-degree" assessments and to use the results of these assessments to prepare Individual Development Plans;
- Established a Diversity Advisory Council to focus attention on the Corporation's commitment to diversity and inclusiveness;

- Improved employee communication by initiating a biweekly newsletter and holding regular "all-staff" meetings on important human capital issues;
- Reinforced the centrality of our programs and strengthened program management, by establishing a new Chief Operating Officer with broad responsibility for enhancing and integrating all program operations;
- Developed initial operational, output, and outcome metrics to better assess the agency's progress and to support more informed decision-making;
- Implemented the Federal Human Capital Survey to help identify employee concerns, particularly with regard to equitable treatment of employees; and
- Received the Excellence in Government Ethics award for our comprehensive and highly effective ethics program.

Although enormous progress was made in FY 2004, the Corporation recognizes that building a diverse, energized, high-performing workforce requires a long-term investment of time and resources. For example, although the Corporation's minority and female representation compares favorably with that of other agencies, the agency must continue to develop more effective approaches to recruit and retain highly qualified minorities and women, particularly in senior management positions.

To ensure the Corporation's ongoing progress, the agency will



Source: Corporation Staffing Database and OPM

update and refine its Strategic Human Capital Plan in FY 2005, reassessing our progress, strengthening the measures used to determine our success and identifying further steps to achieve a high-performing workforce. Among other initiatives, our new Strategic Plan will call for:

- Implementing a rigorous new appraisal system for non-supervisory employees in FY 2005;
- Developing and testing a Workforce Planning Model, which eventually will be applied to all Corporation units and occupations;
- Implementing a strategic approach to the use of training resources to ensure that such resources help to address skills gaps and leadership succession;
- Streamlining staffing processes to identify the right people for the right jobs more quickly and efficiently; and
- Developing a certification program for the agency's grants managers to further "professionalize" this function.

Based on the tremendous progress made in FY 2004 and the agency's commitment to meeting its human capital challenges, the Corporation will, over the coming years, become a "model" of human capital management.

President's Management Agenda: Strategic Management of Human Capital Rating

Criteria	Status	Progress	Progress	Plans
Developed and operated against a comprehensive human capital plan	Y	G	Based on OPM's Human Capital Standards for Success, developed, documented and communicated to all staff a preliminary Strategic Human Capital Plan that ensures agency's human capital policies and practices support the agency's mission	Update and finalize the Strategic Human Capital Plan in FY 2005, focusing on strengthening measurement
Organizational structure analyzed and optimized; process in place to address future organizational changes	Y	G	Analyzed and optimizing existing organization structures from a service delivery perspective, using redeployment and de-layering	Ongoing Business Process Reviews will form basis for continuing organizational optimization
Managers assure that a continuously updated talent pool is in place for current and future succession	R	G	Launched reform program to assess the developmental needs of current supervisors	Assess alternative approaches to succession planning and implement further expansion of staff training in FY 2005
Performance appraisal plans link, differentiate, and provide consequences for SES, managers and at least 60% of the rest of the agency	Y	G	Implemented new, performance appraisal system for <i>all</i> managers in FY 2004 that ties to agency goals, differentiates performance and incorporates incentives	Similar results-oriented plan to be implemented for all employees in FY 2005
Reduced under-representation and established a process to sustain diversity	Y	G	Established Diversity Advisory Council and a new Director of Civil Rights and Inclusiveness position to ensure management attention to issues of under-representation	Increase minority representation in senior positions through proactive recruitment and development programs
Sustained a significant decrease in mission critical skill gaps	R	G	Identified resources and launched ambitious multi-year workforce planning initiative	Implement and test a workforce planning model to, over time, apply to all Corporation units
Developed and used an accountability system to make decisions	R	G	Identified initial metrics for operations through outcomes; participating in Federal Human Capital Survey	Inform decision-making with Federal Human Capital Survey metrics, as data is available

Improved Financial Management

In FY 2004, the Corporation continued to build on its recent improvements in financial management, receiving an unqualified opinion on its financial statements for the fifth year in a row. The Corporation also performed well against its own internal goals and provides initial information for FY 2004 for the government-wide metrics that were recently established by OMB. In FY 2005, when comparable data is available for other Federal agencies, the Corporation will be better able to assess its performance against these metrics.

The FY 2004 financial statement audit identified one reportable condition associated with the Corporation's grants monitoring and management. Eliminating this reportable condition will be a major focus of management's attention in FY 2005.

Government-Wide and Corporation Financial Management Performance Metrics

Performance Measures	FY 2003	FY 2004	
	Results	Goal	Results
Government-wide: *			
Fund Balance with Treasury (absolute \$ difference between the fund balance reported in Treasury reports and the balance recorded in the Corporation's general ledger)	N/A	N/A	\$553,958
Suspense Clearing (timeliness of clearing and reconciling suspense accounts; absolute \$ greater than 60 days)	N/A	N/A	\$65,556
Delinquent Accounts Receivable from the Public	N/A	N/A	\$2,180,946
Number of Vendor Payments Made by Electronic Funds Transfer	N/A	N/A	3,016 (56%)
Non-Credit Card Invoices Paid on Time	N/A	N/A	4,152 (93%)
Interest Penalties Paid	N/A	N/A	\$9,754
Travel Card Delinquency Rates	N/A	N/A	1.9%
Purchase Card Delinquency Rates	N/A	N/A	3.5%
Corporation:			
Audit opinion on financial statements	Unqualified opinion	Unqualified opinion	Goal Met
Material weaknesses reported in financial statement audit	Maintained at zero	Maintained at zero	Goal Met
Operating status of a single grants management system that provides stewardship over federal funds in a cost-effective manner	All new grants awarded through system	All new grants awarded through system	Goal Met
Operating status of financial management system ("Momentum")	Maintained compliance with JFMIP standards	Upgrade to latest version, maintain compliance with JFMIP standards	Goal Met
Status of accounting subsystem in Momentum for procurement	N/A	Conduct review of module to assess cost and performance	Goal Met
Operating status of automated, internet-enabled personnel hiring system	N/A	Implement Quick Hire	Goal Met
Number of state commissions in compliance with the national state commission administrative standards **	N/A	N/A	N/A
Percentage of timely vendor payments	99%	99%	Goal Met (99%)
Timely reports to central agencies	100%	100%	Goal Met (100%)
Percentage of payroll by electronic transfer:			
Corporation Employee	100%	100%	Goal Met (100%)
VISTA Volunteers	78%	80%	Goal Met (90%)

*These measures were not tracked in FY 2003. Performance goals are under development.

**This performance indicator is being revised since the Corporation has changed its protocol for reviewing the performance of state commissions.

Grants Management and Monitoring

About \$644 million in grants were made by the Corporation in FY 2004, representing about 69 percent of the Corporation's overall funding. The proper management and monitoring of these grants are critical to accomplish the Corporation's goals.

Policies and Procedures

The Corporation recently formed the Office of Grants Policy and Operations to coordinate grant review policies and logistics across all programs. This office also helps to coordinate grants policies and procedures with other agencies by participating in the government-wide "grants.gov" initiative and the National Grants Management Association, as well as consulting with other Federal grant-making agencies. A steering committee, composed of representatives of each program, also participates in the development of Corporation-wide review policies and procedures. Senior managers from each program work together to establish direction and priorities for funding, based on statutory requirements, Board priorities, community needs and innovative approaches. The Corporation also is developing a grants management handbook to help ensure consistent policies and procedures across all Corporation programs. Moreover, all the Corporation's grants are managed through a single system, eGrants, thus ensuring consistency from the initial application process through application review, approval, award, monitoring and final closeout.

Program-specific policies are codified in the Notice of Funds Availability issued for each grant competition. However, the Corporation is working to establish more comprehensive and stable guidance for the AmeriCorps programs, and possibly the Learn and Serve America program, by developing regulations that will establish the selection criteria used for all competitions within each program. Rulemaking for all AmeriCorps competitions, based on extensive input from over 500 individuals during initial public discussions and over 250 people during the comment period,

will be completed in FY 2005. Rulemaking for the Learn and Serve America program will begin in FY 2005, again incorporating extensive input from the field.

Fair, Equitable and Efficient Grants Competitions

The Corporation continues to place an emphasis on the quality and consistency of its grant competitions. In FY 2004, the agency improved quality controls in the peer review process, including developing standard review worksheets for both Corporation staff and peer reviewers that reflect program-specific guidelines and selection criteria, as well as Corporation-wide grants policies and procedures. The Corporation also is implementing a training and certification program for grants managers that will help ensure grants are consistently reviewed and managed in accordance with the agency's and OMB's policies and statutory requirements.

Grants Monitoring Processes and Progress

Through the Corporation's headquarters and state offices, the Corporation monitors grants and provides training and technical assistance to grantees. Monitoring requirements differ slightly, depending on the program and the year of the grant. The Corporation is moving to a risk-based assessment to focus the agency's monitoring resources on the grantees and issues most likely to have problems. Monitoring includes several components—review and analysis of progress and expenditure reports, desk review of performance measures and financial systems, site visits, audit reviews and resolution and certification programs. The agency also conducts financial management seminars for grantees and provides one-on-one coaching and training of individual grantees, as needed. In addition, Corporation staff work with the OIG to conduct grantee audits, track recurring financial management issues, and publish common audit findings and solutions, so that all grantees can address shared problems. In FY 2005, the Corporation will develop its first agency-

Grants Management and Monitoring (cont'd)

wide oversight and monitoring plan and hire a Director of Award Oversight and Monitoring to help standardize policies and promote best practices.

Other Recent Improvements

"Grants.gov"

The Corporation actively participates in the "Grants.gov" initiative. Corporation staff work on "Grants.gov" teams, helping to establish government-wide grants processes. All Corporation funding notices are posted on "Grants.gov—find;" and the Corporation is on track with the planned schedule for expanded "Grants.gov—apply" participation, with the first full application currently under development.

Streamlining Processes

The Corporation implemented a number of management changes in FY 2004 designed to streamline the grant-making and funding processes for both the grantees and Corporation staff. These changes include enabling peer reviewers to complete most of their reviews prior to meeting at the Corporation and further improving the Corporation's electronic grants management system (eGrants). In addition, the Corporation participates in federal grant simplification activities underway in compliance with P.L. 106-107.

For FY 2004, the Corporation provides qualified assurance on its agency controls, pending resolution of compliance with the Federal Information Security Management Act (FISMA), as required by the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA). (A full discussion of the agency's FISMA compliance is provided in the section titled, "Statement of Assurance over Agency Financial System Controls.")

The agency continued to improve its financial management systems in FY 2004, building on its JFMIP-compliant core financial system (Momentum), by implementing a new salary management system and improving the agency's grants system. However, the Corporation needs to improve the quality of its grants performance data and further incorporate financial and performance information into decision-making throughout the agency. To help achieve these objectives, the agency plans in FY 2005 to: incorporate a procurement module into the core financial system (resources permitting); investigate performance-based budget development systems, and continue to develop a data warehouse that will integrate data, both financial and non-financial, from a number of other systems. (A more complete description and diagram of the Corporation's systems structure are included in the section titled, "Overall Control System.")

In FY 2004, the Corporation also continued to improve other aspects of its financial management. For example, the agency:

- Implemented AmeriCorps member position certification processes into the grant review and decision-making process to ensure AmeriCorps enrollments do not exceed the level that could be supported with available funds;
- Refined its cost accounting methodology to further break down costs within each of its major responsibility segments: AmeriCorps, National Senior Service Corps, and Learn and Serve America. This year the Corporation provided data on the major sub-programs for each responsibility segment. For example, the National Senior Service Corps expenses include separate information on the Foster Grandparent, Retired Senior Volunteer, and Senior Companion Programs;
- Reviewed the agency's programs against the criteria of the Improper Payments Act and concluded that no Corporation programs are susceptible to significant improper payments;
- Completed a "business process review" of the Corporation's National Service Trust operations, the VISTA and NCCC payroll system and procurement operations and identified potential process improvements that will increase operational efficiency; and

- Issued new policies for the administrative control of funds.

In addition to addressing outstanding FISMA and grants monitoring and management issues, the Corporation plans in FY 2005 to further improve its financial management processes by:

- Automating the education award payment process that is currently paper-intensive, (which will likely yield significant operational cost savings) and
- Further enhancing the agency's cost accounting model and improving upon the system's capabilities to better link costs to program outcomes.

The Corporation's senior managers also will continue to review all areas of the Corporation's operations to achieve greater accountability and efficiency in the agency and its programs. With this ongoing emphasis and the implementation of the agency's FY 2005 plans, the Corporation will not only continue receiving a clean opinion on its financial statements, but also will further integrate financial information into decision-making throughout the agency.

President's Management Agenda: Improved Financial Management Rating

Criteria	Status	Progress	Progress	Plans
Audit opinion on annual statements are clean	G	G	Received unqualified audit opinion for fifth straight year	Improve grants monitoring to eliminate agency's only reportable condition
Meets financial reporting deadlines	G	G	Met all FY 2004 reporting deadlines, including for reports to Congress and the President	Continue to improve financial reporting to provide support for management decision-making
FFMIA compliance	Y	G	Provides qualified assurance on its agency controls, pending resolution of FISMA compliance issue	Complete systems test and evaluation using auditor-preferred tool by 1/05; continue to assess internal controls to ensure compliance
Accurate financial information is on demand and is used day-to-day	Y	G	Agency's JFMIP-compliant systems produce accurate financial information, as needed by agency managers	Incorporate procurement module; improve availability and quality of grants performance data; integrate data into data warehouse; ensure regular use of data by managers
No chronic or significant Anti-Deficiency Act violations	G	G	Fully resolved shortfall in the National Service Trust identified in FY 2002; GAO, OIG and the independent auditor concluded the agency is following sound business and accounting practices	Fully implement management reforms initiated over prior year and continue to assess policies and processes to improve management control and customer service
No material auditor-reported internal control weaknesses	Y	G	FISMA auditor's found the agency's overall control system to be in compliance with the Act, except for a single deficiency due to the lack of an adequate systems test and evaluation documentation and follow-up	Complete re-certification of agency systems by 1/05, resolving significant weakness; continue to assess control system to ensure full compliance.
No material weaknesses in FFMIA for Sections 2 (agency controls) and 4 (financial systems)	Y	G	See discussion of FISMA issue above.	Continue to assess internal controls to ensure full compliance.

Competitive Sourcing

Although the Corporation's size and current extensive use of contractor support make implementation of formalized Federal/contractor competitions inappropriate, the Corporation nonetheless fully supports the objectives of the competitive sourcing initiative in the President's Management Agenda (PMA). However, since the specific criteria cited for this initiative in the PMA relate primarily to aspects of the competitive sourcing process, the Corporation cannot rate its competitive sourcing performance within the specific PMA criteria. Instead, the agency assesses its

competitive sourcing performance on the extent of its use of contractors to support many of the agency's functions and the cost effectiveness of its internal operations.

Currently, Corporation contractors provide much of the agency's technology operations, including its Office of Information Technology's Help Desk, payroll processing, internet support, National Service Trust hotline, recruitment call center, and financial system operations and maintenance. In the program support area, the Corporation uses competitive contracting to obtain training and technical assistance providers to assist and support Corporation grantees. The Corporation has service agreements in place to provide assistance to grantees in a number of areas, including financial management, member development, technical assistance to state commissions, diversity training, and organizational development. These agreements cover the all the agency's programs. This has allowed the Corporation to provide high quality training, targeted to customers' needs, at a reduced cost. Currently, about 24.5 percent of the Corporation's administrative expenses are for outsourced services. Going forward, the Corporation will continue to assess whether outsourcing of non-governmental functions can save money and provide high quality, effective services in other areas of the agency.

Expanded Use of Electronic Government

In FY 2004, the Corporation significantly improved its electronic support of both external and internal government processes by:

- Improving its eSPAN system (the agency's grants and member information system) based on suggestions from the user community and legislatively mandated requirements, including increasing the speed of applications processing and implementing more customer-friendly screens;
- Increasing information technology security by, for example, initiating a proactive security awareness program, conducting periodic network scans to identify vulnerabilities and mitigate their risk, and implementing effective configuration management of the Corporation's systems and assets;
- Exploring telecommuting technology alternatives, including providing remote computing hardware and biometric devices; and
- Working to redesign the agency's website to make the Corporation's programs and people more accessible to their customers.

The agency will build on these advances in FY 2005 through a

continued focus on meeting customers' needs. In particular, the Corporation will:

- Better support agency managers' decision-making through the ongoing development of a data warehouse;
- Further increase the speed of the application process and decrease the hardware requirements for grantees;
- Create a seamless pass-through of data from the AmeriCorps Recruitment System to the National Trust, thus decreasing the potential for data errors;
- Convert the Web-Based Reporting System (WBRS—the grant, project and member tracking and management system) into eSPAN, thus further expanding the systems capabilities and accuracy and decreasing costs by about \$650,000 per year;
- Update the agency's systems modernization blueprint and systems business cases to ensure information technology investments fully align with the agency's strategic plan;
- Improve re-use of data and XML to create greater operational efficiencies and support improved data exchange; and
- Develop plans for a customer relationship management system to support improved customer service agency-wide.

Moreover, as noted above, the Corporation will address the single security issue identified by the OIG in its FY 2004 systems audit. A re-certification of the agency's systems will be completed by January 2005.

President's Management Agenda: Expanded Use of Electronic Government Rating

Criteria	Status	Progress	Progress	Plans
Has modernization blueprint in place which focuses IT investments	R	G	Blueprint is out of date.	Continue working with senior staff to update blueprint in FY 2005
Has acceptable business cases for all major systems	G	G	Created business cases for all of our major systems	Update business cases and coordinate them with agency strategic plan
Cost/schedule/performance for adherence overruns and shortfalls less than 10%	G	G	Costs are within 10% of plans; plans need to be better integrated with the agency's strategic plan	Measure new projects in the broader context of the agency strategic plan
Operational systems are 90% secure, the Inspector General and quarterly reports verify security	Y	G	Conducted annual FISMA audits and financial audit; tracked and updated quarterly Plans of Actions and Milestones; no incidents reported under U.S. Cert.; conduct regular penetration testing	Continue implementing current systems security plans; update plans, as necessary
Participation and contributions are complete in 3 of 4 categories	G	G	Implementing eGrants per schedule; currently re-use data; planning integration using XML	Improve re-use of data and XML; continue planning customer relationship management system; continue CIO participation in GMJob project.

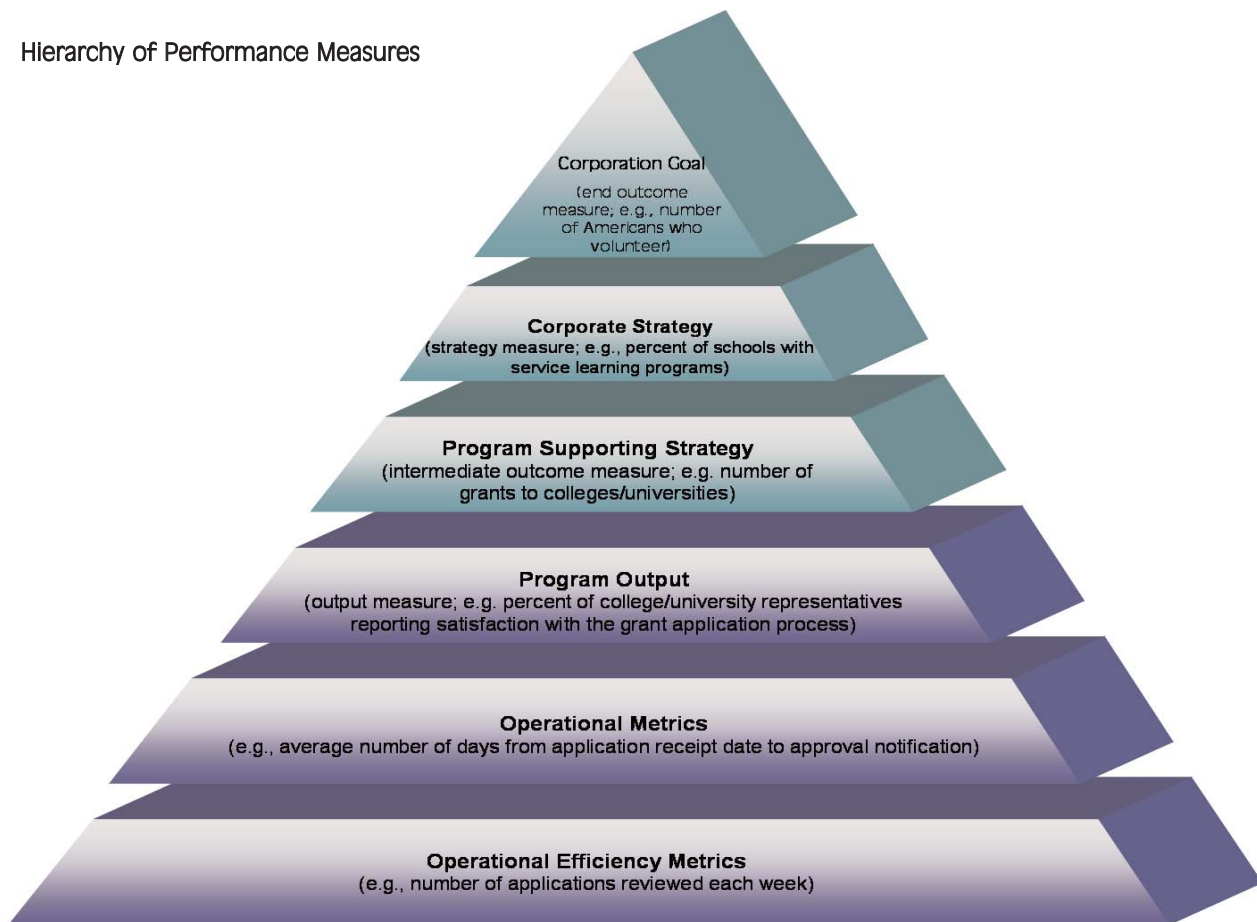
Integration of Budget and Performance Information

In FY 2004, the Corporation continued to implement an ambitious plan to fully integrate budget and performance throughout the agency in support of management decision-making. When fully implemented and fully integrated into all the agency's operations by FY 2010, this plan will enable the Corporation to meet all of the President's Management Agenda criteria for this initiative. The Corporation's tremendous progress in FY 2004 set the agency on a trajectory to meet this goal.

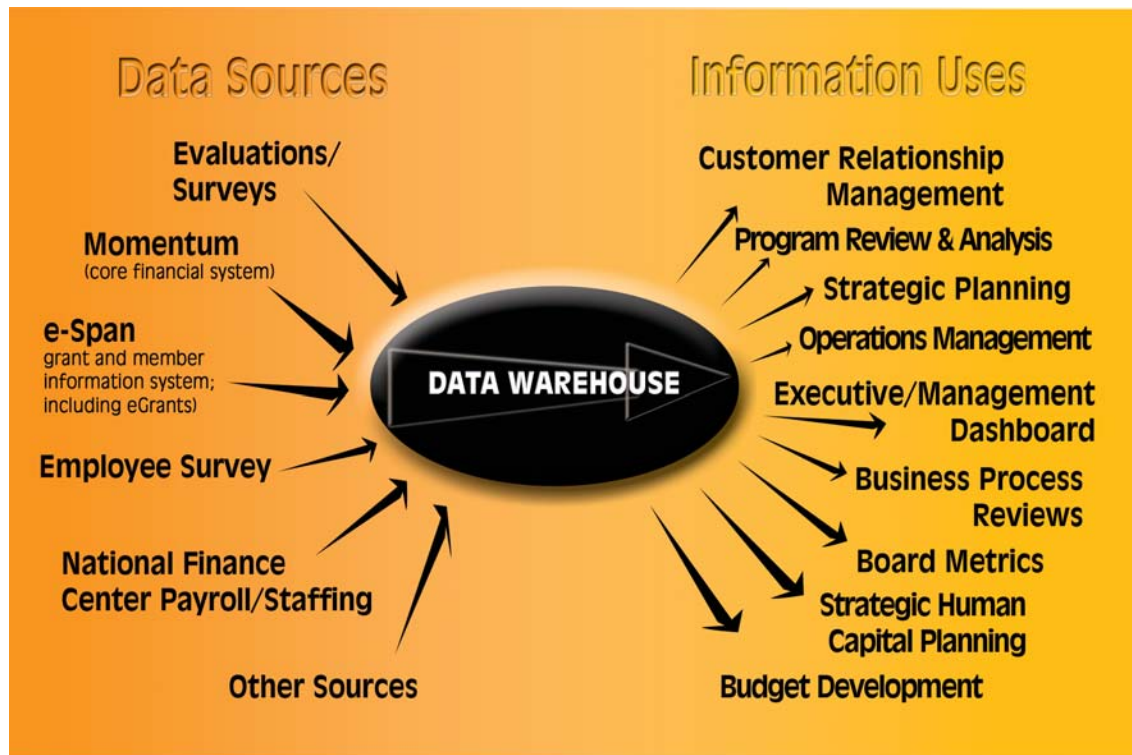
Since the key point in an agency's operation, where budget and performance information is most critical, is the budget development process, the Corporation focused considerable attention to restructuring this process to consciously and systematically take performance into account in making budgetary decisions and plans. The Corporation used a "logic model" approach in the development of the agency's FY 2006 budget request to OMB. This approach helps to align all of the agency's resources to effectively and efficiently achieve the Corporation's goals by providing a framework for defining the relationships between the desired agency/program results (end outcomes), and the inputs (both funding and staffing) necessary to achieve them.

The Corporation also focused on the development and integration into agency operations of relevant performance metrics. The Corporation identified an initial set of measures to assess Corporate, program and operational performance and to help identify needed management and programmatic changes. This hierarchy of performance metrics—from national outcome measures, such as the percent of Americans who volunteer, to operational measures, such as grant application cycle times—will continue to be developed and refined over the coming years. Once fully implemented, this hierarchy will enable the agency to more readily identify performance problems and trace the problem's "root cause" through the subsidiary performance metrics, thus more clearly identifying the management changes necessary to effect an improvement in performance.

Hierarchy of Performance Measures



To provide the data necessary to support these measurements and effective management analyses in a timely and accurate way, the Corporation began to develop a data warehouse in FY 2004. This data warehouse will incorporate data from a variety of sources, including, for example, data on grantees, financial data, performance data and service data. When fully implemented, the data warehouse will enable improved performance monitoring and better analysis of management issues, as managers identify performance problems and opportunities (see graphic below).



The Corporation also began developing a "management dashboard"—a selection of the most critical operational, output and outcome measures that assess key aspects of the agency's performance. As the first step in its development, the Corporation identified its operational objectives, taking into account the agency's mission, programmatic and management goals. Based on these operational objectives, the Corporation is identifying key metrics for continuous monitoring by agency management. The "dashboard" will be implemented initially in FY 2005 and will be refined in FY 2006.

In addition to these new FY 2004 Corporation initiatives, the agency continued to move forward in other aspects of budget-performance integration, including:

- Strengthening grantee performance measurement through AmeriCorps rulemaking;
- Reporting quarterly to the Board of Directors on key aspects of the agency's operations, such as grants awarded, member enrollments, costs incurred and program performance;
- Implementing performance surveys of our programs' end beneficiaries—the individuals and organizations, such as children mentored or grantees that benefit from our programs—through our National Performance Benchmarking Project;
- Conducting an agency self-assessment against the President's Management Agenda;

- Incorporating agency mission, goals and objectives into managers' performance plans and implementing a more performance-based system to evaluate managers' performance and eligibility for bonuses and pay adjustments; and
- Incorporating the agency's goals and performance measures into its FY 2005 operating plans.

To help the agency accomplish this ambitious agenda and coordinate the agency's many budget-performance integration initiatives, the Corporation recently established a cross-organizational performance metrics team. This team is responsible for coordinating all performance initiatives across the Corporation (e.g., the data warehouse, Board metrics, grantee performance measurement, strategic goals and indicators, dashboard metrics, performance surveys and evaluations) and ensuring that managers use performance information to improve their programs.

The Corporation recognizes the difficulties inherent in fully integrating budget and performance. However, by "jump-starting" this initiative based on best practices in the field and making budget-performance integration a key management objective, the Corporation will be able to steadily increase the effectiveness and efficiency of its programs and operations.

President's Management Agenda: Improved Financial Management Rating

Criteria	Status	Progress	Progress	Plans
Use of performance information for decision-making	Y	G	For selected programs and operations (e.g., AmeriCorps enrollment), managers regularly use performance and financial information for decision-making	Develop data warehouse to support decision-making at all levels; promote use of data in decision-making throughout agency
Plans contain limited number of goals; measures used are from the agency's PART	Y	G	Developed strategic budget plan with a limited number of goals and objectives, as well as corresponding outcome and output measures for most programs	Develop end beneficiary outcome measures w/ viable data collection methods
Performance appraisal systems are linked to agency mission, goals, and outcomes	Y	G	Performance appraisal plans for managers linked to agency mission, goals, and outcomes, and effectively differentiate levels of performance as FY 2004	Implement plans for non-supervisory staff that differentiate levels of performance and link to agency mission, goals and outcomes beginning in FY 2005
Agency can show full cost of achieving the performance goals and can accurately estimate the marginal cost of different levels of performance	R	Y	Full cost of programs is reported in financial statements; use of "logic model" approach to developing the agency's FY 2006, helped identify the full cost, including all corresponding support services, necessary to achieve programmatic results	Develop improved methodologies to readily and more accurately trace and allocate costs to performance goals; develop methodologies to estimate marginal costs of performance changes.
Agency has efficiency measure for all programs	R	G	All programs measure efficiency as cost per member/volunteer/participant service year/service hour; however, end outcome efficiency measures are dependent on the development of viable end beneficiary measures; agency is developing hierarchy of performance measures, including operational efficiency metrics	Develop viable end beneficiary measures and assess potential for efficiency measures of end beneficiary outcomes; continue implementing hierarchy of performance measures; conduct business process reviews to identify efficiency improvements
Agency used the PART to direct program improvements and to justify funding requests; less than 10% of programs receive "Results Not Demonstrated" rating	R	G	Only AmeriCorps*State & National program has been evaluated against the PART criteria; rating of "Results Not Demonstrated" and corresponding OMB recommendations guided management changes and outcome measure development	Re-evaluate AmeriCorps*State & National program in FY 2005; other programs to be self-evaluated by the agency in FY 2005

Faith-Based and Community Initiatives

Since the Corporation is an independent agency, not subject to OMB management agreement, the Corporation has not received formal standards for rating performance on this initiative. Therefore, the agency has completed a self-assessment based upon rigorous execution of the President's Executive Orders and other administrative guidance to date. The Corporation has proactively implemented the initiative through a task force comprised of representatives from all Corporation programs. The agency's faith-based and community initiative ensures that all program development, outreach, technical assistance, and base-

line research, including collecting relevant data, support the equitable participation of faith-based and community organizations in its programs.

In FY 2004, over \$70.5 million, or 13.9 percent of the Corporation's total program funding, was awarded to faith-based organizations. Other community organizations received about \$164 million in VISTA, Senior Corps and Learn and Serve America funding, representing about 47 percent of these programs' total funding.² As a result of the removal of barriers and strengthened outreach efforts across the Corporation's five primary programs, the number of faith-based and other community grantees, host sites, sponsors and stations is expected to continue to grow in FY 2005 and FY 2006. Part of this growth will be driven by the Next Generation grants that target small, innovative programs that have never before received Corporation funding.

Pursuant to the President's Executive Orders No. 13198, 13199 (January 29, 2001), 13279 (December 12, 2002) and 13331 (February 27, 2004), the Corporation modified many of its policies and practices to permit faith-based and other community-based organizations to participate more fully in its programs. These actions included:

- State commission outreach and training;
- Publication of AmeriCorps*State/National guidelines emphasizing use of members in capacity-building activities, such as managing volunteers and raising funds to support service activities with grassroots and faith-based organizations;
- Eliminating AmeriCorps*VISTA handbook provisions which had expressly discouraged "sectarian or religious symbols, decoration, or other sectarian identification;"
- Setting involvement of faith-based and other grassroots organizations as a priority for community partnerships engaged with school service-learning under the Learn and Serve America program guidance; and
- Using training and technical assistance as an outreach mechanism and a tool to provide faith- and community-based organizations with the skills and abilities necessary for them compete effectively for Corporation funding.

In FY 2004, model faith-based and other community organization projects included a 15-city replication of the successful program that provides mentors for children of inmates-the Amachi program-through volunteer resources provided by AmeriCorps*VISTA and Senior Corps, and companion initiatives

with the National Conference of Black Mayors and National Association of Blacks in Criminal Justice. In total, over 12,000 children of prisoners had been served in 278 AmeriCorps*VISTA and Senior Corps projects as of July 2004. In FY 2005-06, the Corporation's programs have set a goal of recruiting 25,000 new mentors for children of prisoners.

To further enable faith-based and other community organizations to participate in the Corporation's programs, the agency plans to:

- Further improve the collection and analysis of data on this initiative to monitor its impact and identify further areas for improvement; and
- Further expand outreach to better demonstrate how national service programs and their members can be a resource to faith-based and other community organizations, by improving the agency's web site and tool kit applications, broadening publicity for notices of funding opportunity and convening informational sessions at regional forums or gatherings of large organizations.

In FY 2005, the Corporation anticipates further success in eliminating barriers to faith-based and other community organizations' participation in its programs.

Program Assessment Rating Tool

The Program Assessment Rating Tool (PART) was developed by OMB to assess and improve program performance so the Federal government can achieve better results. A PART review highlights a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART assesses all factors that affect and reflect program performance including: program purpose and design; performance measurement, evaluations and strategic planning; program management; and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time and allows comparison between similar programs.

The AmeriCorps*State and National Program was reviewed by OMB using the PART in FY 2002. OMB will re-evaluate the program in FY 2005. Other agency programs are not yet scheduled for review by OMB. However, the Corporation plans to conduct an internal PART assessment of all the agency's programs during FY 2005 to help identify ways to improve the programs, their operations and outcomes.

AmeriCorps*State and National

In FY 2002, the State and National program received an overall PART score of 36 (out of 100) and a rating of "Results Not Demonstrated." This overall score, which describes OMB's assessment in FY 2002, was composed of weighted scores for:

- Program purpose and design (12 out of 20): Although the program had a clear, specific and unique purpose (meeting community needs through intensive volunteer service), its accomplishments were difficult to measure and, at least at FY 2002 operating levels, relatively small compared to overall volunteering in America. In addition, the program's authorizing legislation would require changes to create a more optimal program design;
- Strategic planning (7 out of 10): The program lacked a limited number of specific long-term performance goals and annual performance goals. However, the program was coordinated at the state and local levels, as well as with other Federal programs. The agency conducted regular program evaluations and aligned the budget with program goals, as well as initiated more outcome-oriented strategic planning, including requiring grantees to report on program accomplishments;
- Program management (7 out of 20): Although grantees were required to evaluate their performance, outcome-oriented performance information was not collected on a regular basis, nor were grantees held accountable for their performance. Moreover, the program lacked the capacity to budget for full costs and did not fully use effective financial management practices. However, program operations (e.g., timely grantee funding, effective peer review) reflected good management practices; and
- Program results (10 out of 50): Although the program had reduced its average cost per member, demonstrable end-beneficiary results could not be shown.

The Corporation has taken a number of steps to address the deficiencies identified by OMB. The agency continues to develop more effective strategic planning, involving both long-term goals and annual performance goals. Extensive efforts to collect more data from beneficiaries, as well as to require more outcome-oriented reporting by grantees, also have been implemented. A focus on outcome performance measurement and management is beginning to influence the program's policies and operations. In addition, the Corporation has taken specific steps to address the OMB's PART recommendations:

- The Corporation established new financial management procedures, including properly recording education award obliga-

tions in the Trust and ensuring that the Corporation has timely and accurate information on AmeriCorps enrollments, in order to ensure that obligations stay within budgeted levels. GAO and OIG favorably reviewed the Corporation's management of the Trust. The agency is implementing GAO recommendations to further improve Trust data quality. In addition, the Corporation is integrating the Web-based Reporting System (WBRS) with eGrants, thus providing a single system for recording and tracking enrollments;

- State and National is continuing to strengthen existing performance measures and develop more outcome-oriented annual and long-term performance measures. The AmeriCorps performance measurement survey results are currently being analyzed and will provide baseline performance data for FY 2004;
- State and National also is developing better and more reliable methodologies to quantify the results of the members' efforts to recruit additional volunteers for the program/project, including requiring grantees to submit at least one performance measure addressing volunteer leveraging and management (e.g., the ratio of volunteers to members); and
- The agency also developed methods to disaggregate national performance data and report information on program performance for states and grantees, making the presentation of the data more transparent and meaningful.

Moreover, the Corporation is implementing a number of other management reforms to improve the State and National program's performance, including:

- Implementing an integrated program management system that will result in much more comprehensive, efficient and accurate information being available;
- Reorganizing the program's internal management structure to improve business process, promote better customer service and increase program effectiveness and efficiency;
- Requiring grantees to continue to refine their performance measures to ensure adequate information on the program's ultimate outcomes; and
- Increasing the competitiveness of applicants through expanded outreach, new competitive processes and refined selection criteria.

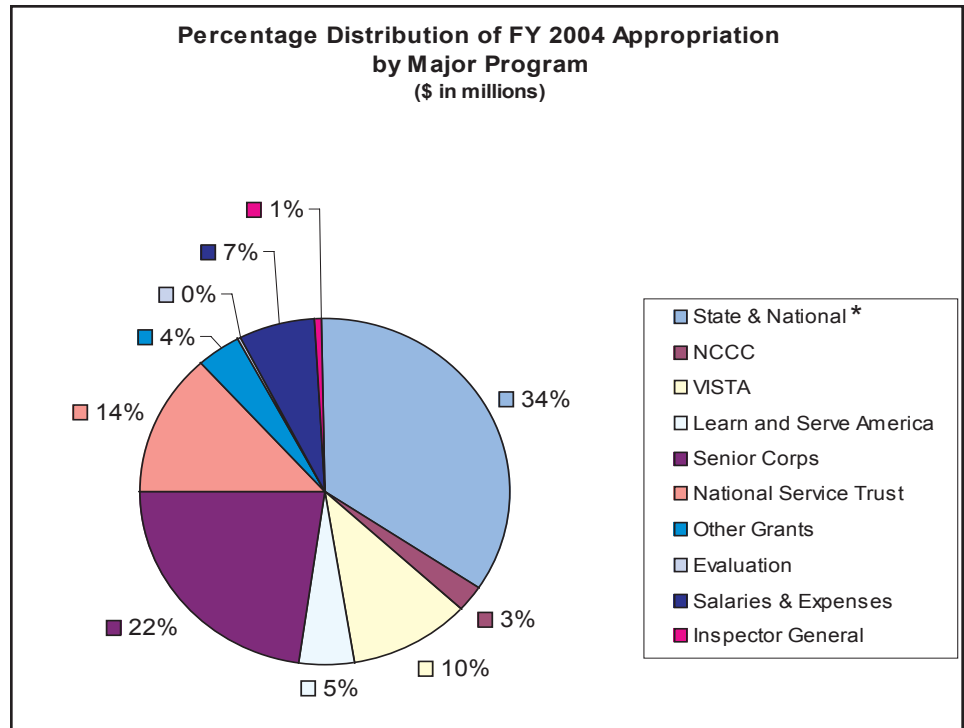
Although the Corporation has made significant progress toward restructuring and improving the State and National program, the agency recognizes the need to fully implement these initiatives and continue to assess the program's progress to identify further necessary changes. With continued management focus on creating an outcome-oriented program structure and operations, the

State and National program's PART score will improve significantly.

Analysis of Budgetary Expenditures, Financial Condition and Financial Statements

Analysis of Appropriations and Budgetary Expenditures

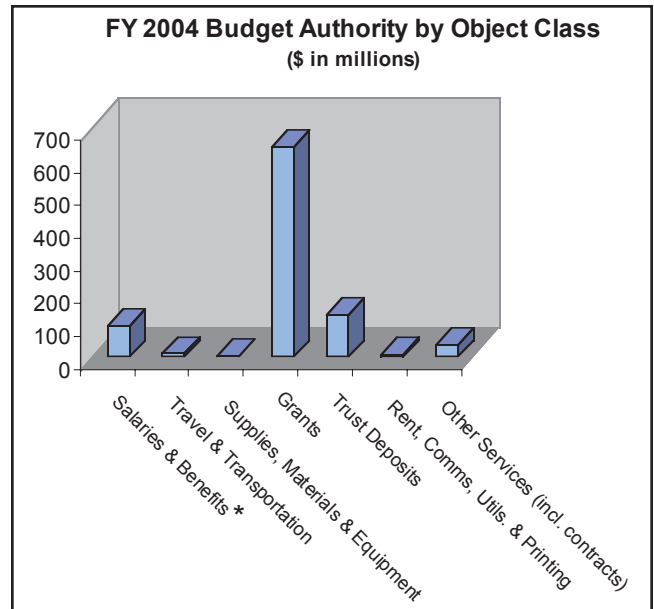
The Corporation's budget is comprised of appropriations under the National and Community Service Act (NCSA) and the Domestic Volunteer Service Act (DVSA). In FY 2004, the agency received \$550 million under NCSA and \$354 million under DVSA, for a total appropriation of \$935 million. This compares with a total appropriation of \$786 million in FY 2003.



*State & National includes State Commission Administrative Grants; Other Grants includes Innovation, Demonstration and Assistance, Partnership Grants and Special Volunteer Programs; Salaries and Expenses includes only Corporation staff salaries and expenses

Analysis of Financial Condition

The National Service Trust maintains balances to pay members the education awards and interest forbearance on qualified student loans they earned through the AmeriCorps programs. Members may use their awards anytime up to seven years following their service completion. However, some awarded positions may not be filled, some enrolled members may not complete full-time service and some members may not use the education awards they earned. Until recently, the Corporation obligated funds based on historical program experience and did not maintain adequate control over the awarding of positions and enrollment of members.



*Salaries & Benefits includes salaries (stipends) and benefits for Corporation staff, and NCCC and VISTA members

Following the shortfall in the National Service

Trust identified in FY 2002, the Corporation took corrective actions to ensure the ongoing solvency of the National Service Trust. These actions included significant changes in how the Corporation manages the award of positions, estimates future education award payments and records Trust obligations. In estimating future liabilities and calculating Trust obligation requirements, the Corporation now uses more conservative assumptions for the rates at which education awards are earned and used than would be estimated based on historical data.

Comparison of Historical and Conservative Trust Funding Assumptions

Assumption	Historically-Based Rate	Conservative Rate
Enrollment Rate (% of awarded positions that are filled by enrolled members)	84%	100%
Earning Rate (% of enrolled members who earn an award)	77%	80%
Award Usage Rate (% of earned awards that are used [i.e. redeemed])	79%	80%

The more conservative assumptions mean that annual Trust obligations exceed by about \$10 million the liability calculated using the experiential (historically-based) rates. In addition, the Corporation has so far set-aside almost \$20 million in the Trust as a reserve, as mandated in the Strengthen AmeriCorps Program Act, in the event that actual award payments exceed estimated future obligations, even using the more conservative projection assumptions. These two risk-offsetting actions result in a very high probability of the Trust's balances being sufficient to cover actual future liabilities. However, the Corporation also is working to improve its projected liability analyses by taking other economic and social factors into account, thus refining the projections and better enabling the Corporation to assess likely risks. (For more information on the Trust, see the The National Service Trust chapter in the Program Performance Section as well as Appendix D: National Service Trust—Financial Statements and Key Financial Factors.)

Analysis of Financial Statements

The Corporation's financial statements, prepared in accordance with the Government Corporation Control Act, as amended by § 306 of the Chief Financial Officers Act, present comparative information for FY 2004 and 2003. For the fifth year in a row,

the Corporation's audited financial statements received an unqualified opinion. This opinion recognizes the financial statements as fairly presented, in all material respects, and in conformity with generally accepted accounting principles.

Corporation Assets

The Corporation's primary assets are Fund Balance with Treasury, Trust Investments and Related Receivables, and Advances to Others. The Fund Balance with Treasury represents annual, multi-year, and no-year funds that are available to pay current and future commitments. Trust Investments, which are maintained in the National Service Trust, are restricted for use in paying education awards, interest forbearance, and President's Freedom Scholarships to eligible participants, and are not available for use in the current operations of the Corporation. Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year.

Fund Balance with Treasury increased by about \$111 million from \$743 million as of September 30, 2003, to \$854 million as of September 30, 2004. The additional funds are mainly for grants, most of which were awarded in the fourth quarter of FY 2004 and will be expended during FY 2005. During the same time period, Trust Investments and Related Receivables showed an increase of \$106 million due to increased funding, including the receipt of a deficiency appropriation of \$63 million for obligations incurred in 2002 and earlier program years. Advances to others increased by \$17 million from \$49 million as of September 30, 2003 to \$66 million as of September 30, 2004. The increase is the result of increased AmeriCorps grant appropriations and grant awards being issued later in the fiscal year, thus increasing grant advances, plus the grantees' increased use of the automated HHS grants advance process.

Corporation Liabilities

The Corporation's most significant liabilities are the Trust Service Award Liability and Grants Payable. The Trust Service Award Liability represents the estimated total value of education awards that will be paid to all members who were enrolled and served at least 15 percent of their service term as of September 30, 2004, adjusted to reflect the award earning and usage rates. Grants Payable represents funds due to grantees in payment of their performance under a grant.

The Trust Service Award Liability as of September 30, 2004, increased by \$6.9 million from the net service award liability as

of September 30, 2003. This change was largely due to increased grant awards and corresponding projected education awards, offset by a somewhat smaller increase in the value of education awards used. Grants Payable remained relatively stable, with an increase of only \$451,000.

Management Controls, Systems and Compliance with Legal and Regulatory Requirements

This section of the report provides information on the Corporation's compliance with the:

- Government Corporation Control Act;
- Federal Managers' Financial Integrity Act;
- Federal Information Security Management Act;
- Federal Financial Management Improvement Act; and
- Improper Payments Information Act.

The Corporation is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9106). Under these requirements, the Corporation provides a statement on its internal accounting and administrative controls consistent with the Federal Managers' Financial Integrity Act (FMFIA). This Act requires that agencies establish management controls and financial systems to provide reasonable assurance that the integrity of Federal programs and operations is protected. Furthermore, it requires that the head of the agency provide an annual assurance statement on whether the agency has met these requirements and whether any material weaknesses exist. The Corporation's Chief Executive Officer's FY 2004 annual assurance statement is included in his message at the beginning of this report as well as in the discussion below.

Overall Control System

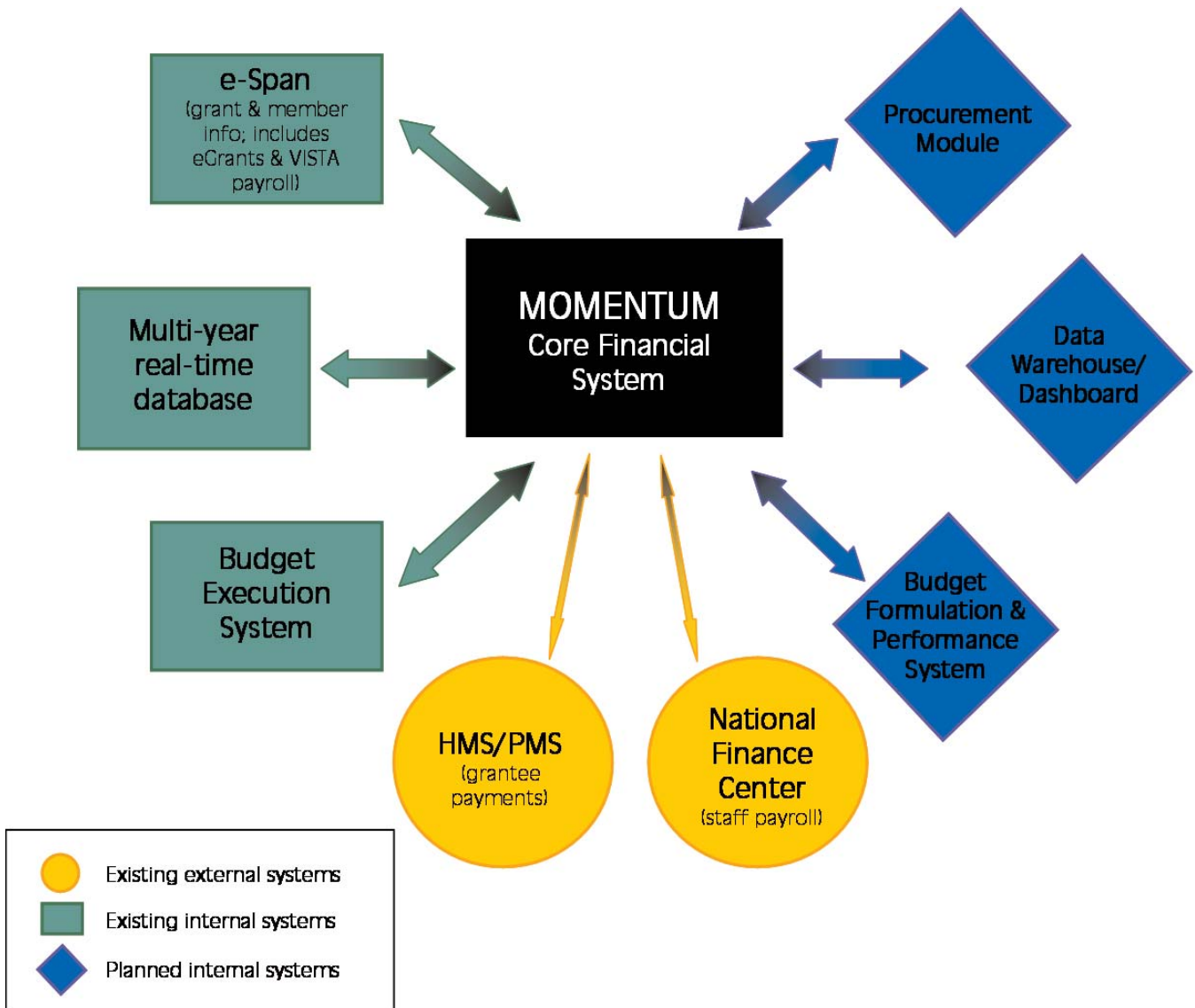
The Corporation's management controls review found the agency's overall control system to be in compliance with the Act. A single deficiency, identified by the auditor, relates to the adequacy of documentation and follow-up of its major systems security assessment. However, the Corporation disagrees with this citation as a significant weakness and has requested that OMB review the auditor's finding. (A detailed description of this issue is provided below under Statement of Assurance over Agency Financial System Controls.) Nonetheless, the Corporation is conducting a certification and accreditation of its systems, to be com-

pleted by January 2005, which will address the auditor's finding.

The Corporation is committed to management excellence and recognizes the importance of strong financial systems and internal controls to ensure accountability, integrity, and reliability. Management, administrative, and financial system controls have been developed to ensure the following:

- Programs and operations achieve their intended results effectively and efficiently;
- Resources are used in accordance with the Corporation's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Applicable laws and regulations are followed; and
- Reliable, complete, and timely data are maintained and used for decision making at all levels.

Targeted Financial Management System Structure



The Corporation's financial systems and control infrastructure is anchored by the Momentum Financial Management System, which is the core financial system at the agency. Momentum is updated with current transactions on a real-time basis. The system also features many automated controls that maintain budgetary integrity, assure no single individual can issue an unauthorized payment, and nearly eliminate the possibility of duplicate payments. The system also maintains a fully retrievable multi-year database, which is accessed using reports to produce trial balance, financial statement and ad-hoc management reports.

The core financial system is interfaced with eSPAN (the grant and member information management system). The eSPAN system also includes eGrants (the agency's internal grant award management system) and the VISTA payroll system. The agency's e-SPAN system further interfaces with the Web-Based Reporting System (WBRS)-the grantee reporting system; WBRS currently is being integrated into eSPAN. In addition, the core financial system is interfaced with payment systems at other agencies:

- Health and Human Services/Program Management Support (HMS/PMS-the external system that administers our grant payments and grantee expenditure reports) and
- U.S. Department of Agriculture/National Finance Center (the processing system for Corporation staff payroll).

The Corporation implemented a pilot Salary Management System in FY 2004 and plans to integrate a procurement module and a budget formulation and performance management system with the core financial system. The agency also is developing a performance management data warehouse that will integrate data from many agency systems. These systems will interface with the core financial system. In the future, a Customer Relationship Management system also will be defined and implemented.

The controls built into eGrants assure that grant applications proceed through all required reviews and approvals and that established processing schedules are maintained. HHS/PMS provides continual external verification of the validity of our grant award authorizations and currently authorized grantees. In addition, the timing and amount of all grant payments are determined by electronic grantee requests. The payment activity to all grantees and their respective reported expenditures are electronically monitored and the financial activities of the larger grantees also are subject to independent audit under the Single Audit Act and

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Basis of FY 2004 Assessment

The Corporation's assessment of management controls is based on reviews and other assessments of Corporation operations, programs and grantees including:

- A written assessment of controls by Corporation managers;
- Independent validation of the managers' responses for selected Corporation units;
- Office of Inspector General (OIG) reports, including the annual financial statement audit and recent audits of portions of the Corporation's operations; and
- In-Progress Reviews (IPR) at NCCC campuses. (The IPR is a focused management control assessment that provides for a self-assessment by campus staff, followed by an independent review by headquarters staff. Review items include project management, corps member management, and fiscal controls. Following the on-site review, a written report is prepared and campus staff develops corrective action plans in response to IPR recommendations.)

In addition, management's knowledge of the Corporation's day-to-day operations plays an important role in ensuring that controls for the Corporation's programs and operations are in place and working as intended. These controls include the announcement of funds availability for grants, the receipt and evaluation of applications for financial assistance, and the negotiation and award of grants (including AmeriCorps member slots), contracts, and cooperative agreements. New procedures and certification systems also were implemented in FY 2003 and FY 2004 that ensure tight management control over the authorization of AmeriCorps member slots, correcting the problems experienced in FY 2002 involving a shortfall in the National Service Trust.

Management Control Program

The Corporation's management control program includes providing appropriate training to managers on the purpose of controls and how the Corporation develops, implements, assesses, corrects, and reports on controls. The management control program is conducted through a four-part process:

- A self-assessment of controls by Corporation managers using a structured questionnaire;
- An examination of all completed questionnaires by CFO staff and an on-site management control assessment to independent-

ly test selected areas determined to be the highest risk;

- The provision of feedback, including noting areas for improvement at locations reviewed; and
- The documentation of results for analysis and planning future reviews and improvement efforts.

Under the management control program's risk-based approach, certain areas of the Corporation's operations are tested annually (e.g., accounting, grants) and all others on a cyclical basis (at least once every three years). During FY 2004, the Corporation surveyed 15 operational areas and performed additional on-site verification testing at 7 of the 15 areas.

Statement of Assurance over Financial Reporting

The Corporation is responsible for assessing the effectiveness of its internal controls in achieving the following objectives: (1) reliability of financial reporting - transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with generally accepted accounting principles; (2) safeguarding of assets against loss from unauthorized acquisition, use, or disposition; and (3) compliance with applicable laws and regulations - transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements and (b) any other laws and regulations or government-wide policies identified by OMB and Corporation management as being significant and for which compliance can be objectively measured and evaluated. Based on the Corporation's evaluation, controls in place on September 30, 2004, provided reasonable assurance that the foregoing objectives were met.

Statement of Assurance over Financial Systems

Under the Federal Financial Management Improvement Act (FFMIA) and OMB Circular No. A-127, Financial Management Systems, section 7, the Corporation is responsible for ensuring that management reporting is based on financial management systems that comply substantially with three requirements:

- Federal financial management system requirements;
- Applicable Federal accounting standards; and
- The U.S. Government Standard General Ledger at the transaction level.

With the successful operation of the Momentum financial management system, the Corporation continues to comply with FFMIA and OMB Circular A-127 requirements. FFMIA also

requires agency compliance with FISMA. The OIG reported a single deficiency in the agency's compliance with FISMA, based on the agency's documentation and follow-up of the systems assessment. (See discussion under Statement of Assurance over Agency Financial System Controls below.)

Statement of Assurance over Agency Controls

The Corporation is responsible for assessing the overall adequacy and effectiveness of its management controls to promote (1) effective and efficient operations; (2) reliable financial reporting; and (3) compliance with applicable laws and regulations. In deciding on the type of assurance to provide, the agency considers information from senior program and administrative officials and OIG. Management is precluded from concluding that the agency's internal control is effective (unqualified statement of assurance), if there are one or more material weaknesses.

The Corporation has maintained an outstanding record of compliance with all applicable laws and regulations governing its systems and provides qualified assurance that the agency's financial reporting and systems controls comply with the requirements of the FFMIA and FMFIA. In addition, as required by the Federal Information Security Management Act (FISMA), the Corporation performed a self-assessment of its major systems using the National Institute of Standards and Technology (NIST) ASSET tool in September 2003 and noted no significant issues. The OIG's auditor does not feel that proper follow-up and documentation was done as part of this effort; the Corporation disagrees with this as a significant deficiency. The Corporation referred this issue to OMB, as part of its FISMA submission, for OMB's resolution. Additionally, the Corporation completed its 2004 testing and evaluation of its major systems using the NIST ASSET tool again in September 2004 and expects to complete new Certification and Accreditation reports for all of its major systems by January 31, 2005, resolving the OIG finding.

OMB Circular 123, Management Accountability and Control, requires that matters identified as a significant deficiency by OIG in its FISMA report be included in this report as a material weakness. As a result, the Corporation is providing qualified assurance on its agency controls. Based on the Corporation's evaluation, except for the FISMA test and evaluation documentation and follow-up issue, the Corporation controls in place on September 30, 2004, provided reasonable assurance that the foregoing objectives were met.

Improper Payments

The Improper Payments Information Act (IPIA) requires the Corporation to identify and report on significant payment programs that are susceptible to improper payments. The Act defines improper payments as significant to a program if the amount of annual improper payments exceeds both 2.5 percent of total annual program payments and \$10 million. If an agency identifies that it has significant improper payments it must develop statistically valid estimates of improper payment rates and provide detailed information on its improper payment detection, tracking, mitigation, and recovery efforts.

The Corporation identified 13 payment programs, as defined by IPIA, and reviewed each of them to determine which, if any, were susceptible to significant improper payments. Only seven of the 13 programs made payments in FY 2003 that exceeded \$10 million.

The two largest Corporation payment programs are the Domestic Volunteer Service Act and National and Community Service Act grant programs. Together the annual payments for these programs amount to about 66 percent of all the Corporation's FY 2003 payments. As grant programs with payments administered by the Department of Health and Human Services Payment Management System (HHS/PMS), there are numerous internal and external controls making improper payments highly unlikely. For example awards go through multiple levels of review and approval before obligations are created and transmitted to HHS/PMS. These payments are all requested by authorized grantees and validated and disbursed by HHS/PMS. Moreover, the receipt and use of grant funds are monitored by the Corporation and in many cases also are subject to independent audits under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Based on the Corporation's analysis, no programs are susceptible to significant improper payments as defined under IPIA and, therefore, additional testing, analysis and reporting specific to improper payments were not performed. However, most of the Corporation's payment processes were reviewed as part of the Management Control Program discussed above.

Audit Results

The Corporation, for the fifth straight year, received an unqualified audit opinion, with only one reportable condition related to grants management. This reflects the agency's ongoing commitment to sound financial management.

Corporation Audit Results Since Inception

Corporation Audit Results Since Inception											
<i>Type of Opinion</i>	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Unqualified - All Financial Statements							✓	✓	✓	✓	✓
Unqualified Balance Sheet*					✓	✓					
Qualified Balance Sheet**				✓							
Statements Not Auditable	✓	✓	✓								

*The financial statements were fully auditable, the auditors issued an unqualified opinion on the Statement of Financial Position and disclaimed on the Statement of Operations and Statement of Cash Flows. **Only the Statement of Financial Position was auditable.

Status of Grants Management Reportable Condition

The Corporation remains concerned with the continuing reportable condition related to grants management cited in the FY 2004 audit. As an agency that spends most of its appropriations on grants, the Corporation continues to implement management reforms to ensure the agency's grant-making and monitoring operations provide for the accountable use of Federal funds. While the Corporation has made tremendous progress, further management improvements can help address the specific problems identified by the Inspector General. Some of the actions necessary to address these problems will require additional resources. However, many have and will be taken within current budget levels.

Corporation Management Control Issues*

Corporation Management Control Issues*							
<i>Type of Weakness</i>	1998	1999	2000	2001	2002	2003	2004
Material Weaknesses	8	5	1	0	0	0	0
Reportable Conditions	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	10	7	3	1	1	1	1

* The source for fiscal 1998 and 1999 data is OIG briefing material provided to Congressional oversight committee staff. The source for fiscal 2000 through 2004 data is the annual OIG financial statement audit.

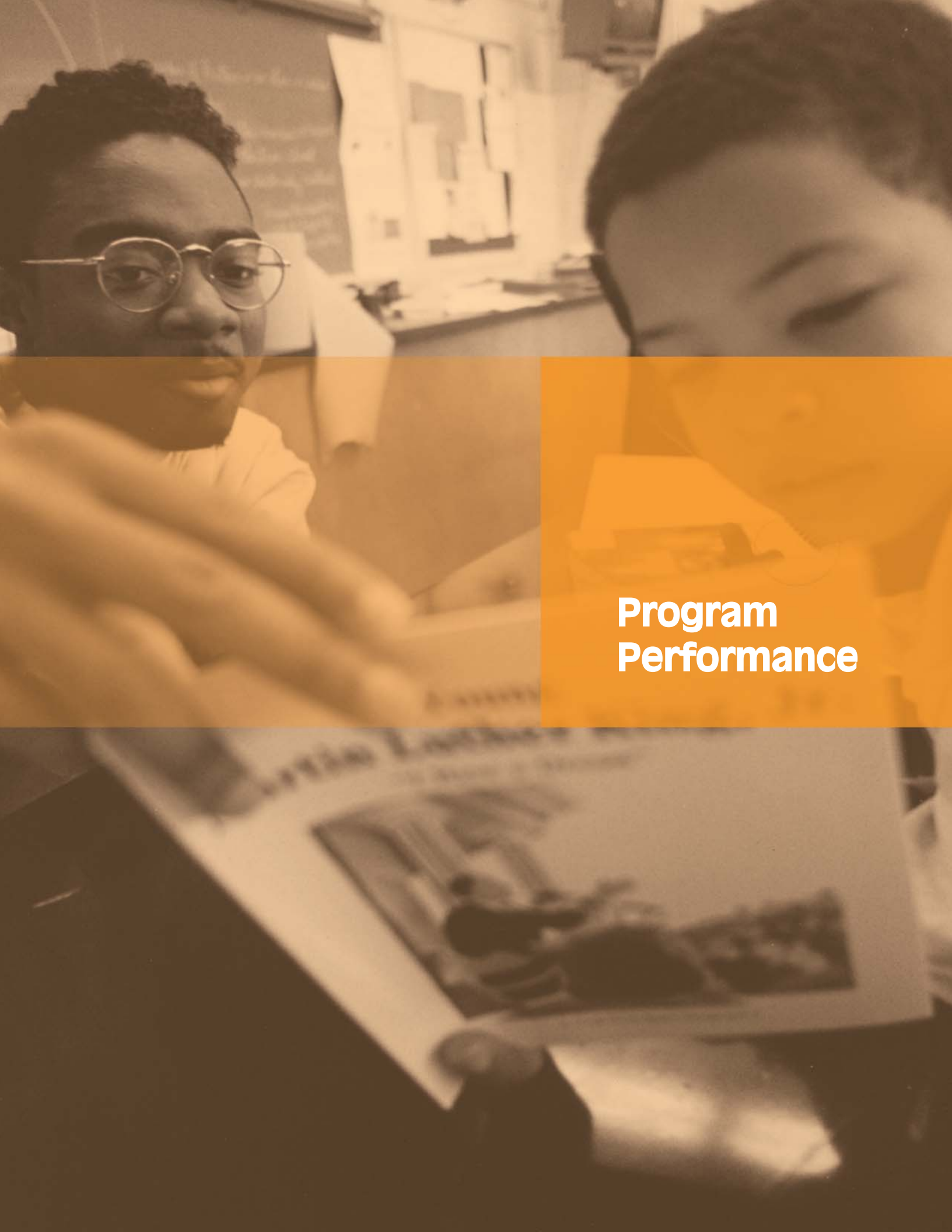
The audit report notes that while the Corporation's program offices have taken steps to implement the recommendations discussed in the prior year's internal control report, the Corporation's monitoring activities require further improvements in order to provide adequate controls over grantees' activities. Specifically, the audit noted that all the required monitoring visits for State Commissions and National Direct grantees did not occur. Additionally, the audit noted improvements that need to be made to the risk-assessment process in order to adequately document both the criteria used in assessing risk, as well as documenting the steps performed for reaching conclusions on risk rankings. In addition, although the number of site visits conducted by Senior Corps program officers increased to the point of having visited substantially all of its grantees, documentation was often inadequate with regard to the scope of testing and specific procedures performed by program officers in reaching their conclusions regarding the grantees visited.

The auditor's report made five recommendations, as follows, to improve the Corporation's monitoring of grantees:

- The Corporation's risk assessment should be based on consistently implemented criteria. The assessment should include the reasons justifying a risk rating and how the conclusion was reached. Documentation to support each risk assessment should be maintained to prevent the loss of institutional knowledge.
- After completion of the assessment tool, any further discussion by Corporation management, regarding the selection and prioritization of AmeriCorps*State grantees for monitoring visits should be adequately documented.
- The Corporation should prioritize monitoring visits based on a risk-based selection process, maintain a site visit travel schedule based on risk, and monitor progress made in completing these visits.
- The Corporation should develop monitoring policies to document what constitutes an acceptable, substantive review of grantees, in lieu of performing site visits. These activities include, but are not limited to, desk reviews, technical assistance, training, OIG reviews and audits, grantee audits, and other relevant monitoring activities performed by grant managers, program offices, the OIG, and external contractors.
- The Corporation should improve coordination between grant managers, program offices, and the OIG. The Corporation has created a new position of Director of Grants Oversight and Monitoring, which should be filled as soon as possible. The Director of Grants Oversight and Monitoring should establish consistent policies and procedures across Corporation programs and coordinate all monitoring efforts.

The Corporation will implement the OIG's recommendations. In addition, the Corporation established an Award Oversight and Monitoring Council comprised of senior staff. The Council's mission is to ensure that the Corporation exercises uniformly excellent financial, administrative and programmatic award oversight across its programs and supports awardees success through effective compliance monitoring, training and technical assistance. The initial tasks of the Council are to develop and approve a position description for the new Director of Oversight and Monitoring Position and develop the FY 2005 oversight and monitoring plan.

Further discussion of this finding, related auditor recommendations, and the agency's related progress and plans is provided in the section entitled, "Corporation Response to the Significant Management Challenges Identified by the Inspector General."



**Program
Performance**

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Transitioning to a More Performance-Informed Organization

The Corporation has made significant progress during the 2004 fiscal year towards integrating planning, budgeting and performance. We have adopted the 'logic model' framework and methodology in order to more explicitly link resources to results. An integral part of this methodology is the incorporation of performance measures. In 2004, as part of our development of program logic models, the Corporation developed new, ambitious performance measures and targets. By incorporating these new measures, which are still being refined, we hope to enhance the capacity of the Corporation to manage its resources both effectively and efficiently, and sharpen our focus to achieve results.

During this year of transition, we have organized our FY 2006 Budget Estimate and Performance Plan around four new goals and 14 new strategies. As the Corporation looks forward, we have organized the performance measures cited in our 2004 Budget and Performance Plan according to these new goals and strategies. We have also included selected new performance measures developed in the past year to create a more robust performance section.

For our FY 2006 Performance Plan, we have made target-setting a priority, and will report on Corporation program performance in relation to performance targets (which are currently under development) starting in our FY 2006 Report.

Although our FY 2004 Performance Plan did not establish performance targets, we hope the following chapters provide a comprehensive picture of our programs' performance, and mark the progress we've made to date in better demonstrating results.

Organization of the Program Performance Section

As with our FY 2006 Budget and Performance Plan, each chapter in the Program Performance section of the Corporation's 2004 Performance and Accountability Report is organized around these new goals and strategies. The first subsection focuses on the performance of our five core service programs: AmeriCorps*State and National, AmeriCorps*NCCC, AmeriCorps*VISTA, Learn & Serve America, and the Senior Corps. Following a brief description of the program, each chapter provides a narrative analysis of the results achieved towards each of the Corporation goals and strategies. This is followed by a brief overview of the findings of

program evaluations completed during FY 2004. At the end of each chapter is a comprehensive listing of the program's GPRA performance measures as well as select new measures developed in FY 2004 (these measures are identified in footnotes). The second subsection discusses the results and performance of other Corporation activities outside our core programs.

Data Quality

According to the criteria specified by OMB on performance data reliability and completeness, the Corporation considers the performance data in this report reliable but incomplete. The Corporation has in certain cases not reported on performance measures cited in the FY 2004 Performance Plan when other, similar measures were available or when the data were too costly to obtain. In each case, we have provided specific explanations at the end of each program chapter. The Corporation is still in the early stages of developing a complete and robust set of performance measures; however, we are continually improving our ability to demonstrate results.

Limitations

While the Corporation has reasonable confidence that the data contained in this report accurately reflect the performance of the agency, there are several limitations to using the Corporation's data systems for performance reporting. The Corporation is a highly decentralized agency, and responsibility for collecting and reporting performance data often resides with outside sources at the state and local levels. Most of the data systems used by the Corporation derive their data from reports provided by these outside sources, including states, grantees, subgrantees, and members of national and community service programs. Although some of these reports are subject to corroboration through monitoring of local program performance by Corporation representatives, and the Corporation has a strategy for monitoring coverage that includes site visits, program evaluations, and audits, not all reports from outside sources are subject to external corroboration.

Data Certification

The focus of the Corporation's data quality efforts has been on assessing the internal data system controls and their effect on the accuracy of the performance information. Although the Corporation does not independently verify or validate data received from outside sources, the data are managed appropriately and our procedures for analyzing and reporting performance statistics are replicable. In addition, to ensure the Corporation is reporting data accurately, program managers

and data managers are required to certify that the procedures used to analyze and report data received from outside sources are appropriate and replicable. As part of this certification, program managers and data managers certify that they are able to provide the source or sources for the data, the names of the person or organization conducting any analysis needed to produce the result, copies of all tables and computer output showing final tabulations, forms used to collect the data, and a description of any steps taken to ensure that the data are reported accurately.

OIG Audit Findings on Performance Indicators

A recent audit report by the Office of Inspector General made several recommendations regarding the Corporation's performance measurement systems.¹ Overall, the auditors concluded that data were "reasonably accurate" based on their assessment of the database controls and their effect on the accuracy of the performance information. The audit did not test the controls over database input from sources outside of the Corporation. The assessment confirmed what was already understood within the Corporation: the quality of the data varies based on the degree of decentralization and the ability of programs to assess information reported by outside sources. While some Corporation programs rely on self-reported and unaudited data, the Corporation successfully initiated new performance measurement and benchmarking systems in Senior Corps, AmeriCorps, and Learn and Serve America to collect information and report annually on the performance of programs.

How the Corporation Evaluates its Programs

Evaluation at the Corporation is the responsibility of the Department of Research and Policy Development (RPD). RPD's mission is to develop and cultivate knowledge that will enhance the mission of the Corporation and of national and community service programs. RPD is responsible for conducting high-quality, rigorous evaluations, research and policy analysis, and providing the Corporation's executive management, OMB, the Congress, the nonprofit sector and the public with performance information on national and community service. RPD is also responsible for new program development and special grant initiatives.

The Corporation's vision for evaluation is to:

- Conduct high quality, rigorous social science evaluation

research designed to measure the impact of the Corporation's programs and shape policy decisions;

- Encourage a culture of performance and accountability in national and community service programs;
- Provide national information on volunteering, civic engagement, and volunteer management in nonprofit organizations;
- Assist in the development and assessment of new initiatives and innovative demonstration projects designed to shape future policy decisions.

The research and evaluation efforts of RPD are an important part of the Corporation's efforts to provide information on program performance and manage to accountability. These efforts also provide national level data on volunteering and volunteer management in America's nonprofit organizations.

Our evaluations and research efforts are designed to assess the following research questions:

- What are the impacts of national and community service programs on:
 - Members and service participants?
 - Nonprofit and community organizations?
 - Communities and service recipients?
- How can the Corporation's program designs be improved?
- How can the Corporation strengthen effective volunteer leveraging?
- What are the national patterns of volunteering and civic engagement?
- How can the Corporation use evaluations and research to manage to accountability?

Evaluation Highlights

Current Population Survey Supplement on Volunteerism

In partnership with the Census Bureau and the Bureau of Labor Statistics (BLS) at the U.S. Department of Labor, this effort resulted in national data on the "supply side" of the market for volunteerism: the supply of current and potential volunteers. The study includes information on the frequency and intensity of volunteering, the types of organizations where individuals volunteer, the volunteer activities performed, the ways individuals access volunteer opportunities, and the perceived barriers to volunteerism. For example, approximately 63.8 million people (28.8 percent) volunteered between September 2002 and September 2003, representing a significant increase over the 59.8 million volunteers (27.4 percent) for the previous year. The data also

indicate there is great potential to increase volunteering in America. Of the individuals who did not volunteer in 2003, 75 percent indicated one or more factors would motivate them to volunteer. For example, 6.3 million non-volunteering Americans indicated that having more information on available opportunities would motivate them to volunteer. Combined with basic CPS labor market and demographic data, RPD has created a powerful benchmark from which to track and measure our progress in expanding volunteerism and to provide national data on volunteering in America.

Volunteer Management Capacity Survey

To complement this effort, RPD completed a Volunteer Management Capacity Survey to provide national data on the volunteer recruitment and management practices of organizations in the nonprofit sector, as well as valuable information on how Corporation programs can effectively mobilize volunteers. This effort measures the “demand side” of the market for volunteerism: the capacity of nonprofit and charitable organizations to recruit, manage and retain volunteers. Findings from the 2003 study indicated that more than nine in ten charities benefit from their volunteers in areas such as increased quality and scope of services, cost savings, and public support. At the same time, the study suggested that a lack of investment in volunteer management practices prevents many organizations from realizing the full benefits of their volunteers. The study also found charities screening and matching volunteers with organizational tasks, offering training and development opportunities for volunteers, using volunteers to recruit other volunteers, and providing recognition activities for volunteers demonstrate higher retention rates than charities that have not adopted these practices. Demonstrating the value of faith-based partnerships, charities that collaborate or partner with religious organizations reported a greater volume of volunteers and greater organizational benefits from volunteers.

National Performance Measurement Benchmarking

In 2004, RPD completed the first phase of The National Performance Measurement Benchmarking, which provides annual data on the performance of the Corporation’s programs at the national level. The majority of the outcome data for AmeriCorps, Senior Corps and Learn and Serve America in the Corporation’s budget justification and performance and accountability report are a direct result of this research effort. For example, the findings suggest that 82 percent of former AmeriCorps members are actively volunteering in their communities, and 49 percent of organizations working with AmeriCorps leveraged additional community volunteers to increase their capacity and sustainabili-

ty. The data also demonstrate that Senior Corps volunteers are less socially isolated and more connected to their friends (more than 83%) and their communities (more than 58%), and 75 percent of Learn and Serve America grantees have a majority of the characteristics of high-quality service-learning programs. In assisting organizations to improve their capacity to respond to disasters and emergency situations, Corporation programs helped 78 percent of AmeriCorps organizations receiving emergency and disaster preparedness training to become more prepared to respond by conducting emergency drills, preparing emergency kits, changing organization operations, and related disaster preparedness activities. As part of our efforts to improve the transparency of national performance reporting, RPD is also in the final stages of a project designed to disaggregate the Corporation's performance data for states and national grantees.

Longitudinal Study of AmeriCorps Member Outcomes

RPD continued its efforts to report on the impact of AmeriCorps on members in the Longitudinal Study of AmeriCorps Member Outcomes, and results will be available in December 2004. This study is designed to assess the long-term attitudinal and behavioral impacts of participation in AmeriCorps on members' civic values and engagement, education, employment, life skills, and social attitudes and behaviors. The study includes a nationally representative sample of more than 2,000 AmeriCorps members from 109 AmeriCorps*State and National programs and from three (of five) AmeriCorps*NCCC regional campuses, and similar numbers in the matched comparison group. The study compares changes in the outcomes of members to individuals not in AmeriCorps, controlling for interest in national service, member and family demographics, and prior civic engagement.

Parent Drug Corps Evaluation

RPD also initiated several new evaluations of national and community service programs. The Parent Drug Corps Evaluation will describe the implementation of the Parent Drug Corps program and use a random assignment evaluation design to evaluate its impact on prevention of and reduction in substance use among children aged 18 or younger.

*The Study of AmeriCorps*VISTA's Impact on 40 years of Volunteers*

The Study of AmeriCorps*VISTA's Impact on 40 years of Volunteers will identify the long-term civic engagement, education, and employment outcomes of AmeriCorps*VISTA volunteers serving between 1964 and 1990.

Evaluation of AmeriCorps Tutoring Programs

RPD initiated the pilot phase of the Evaluation of AmeriCorps Tutoring Programs, a random-assignment evaluation to assess the impact of AmeriCorps tutoring programs on youth and identify programmatic factors related to achievement.

See Appendix A: 2004 Evaluation Highlights for a full listing of FY 2004 activities of the Office of Research and Policy Development.

Use of Non-Federal Parties

In producing the FY 2004 Performance and Accountability Report, the Corporation received consulting assistance from Management Systems International, and document production assistance from MacroSys Research and Technology, Inc.

¹ KPMG LLP. May 18, 2001. Audit of Controls Over the Corporation for National and Community Service's Key Performance Indicators and Accomplishment Statistics. OIG Audit Report Number 01-28.



AmeriCorps*State and National members mentoring children

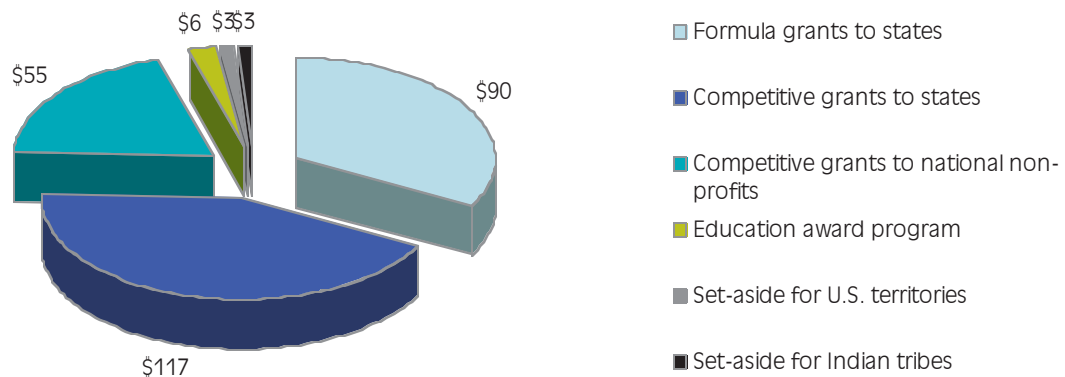


AmeriCorps*State and National

About the Program

Created in 1993, the primary mission of the AmeriCorps*State and National program is to provide financial support through grants to non-government and government entities sponsoring national service programs that meet critical community needs in education, public safety, health, and the environment. One-third of State and National grant funds are distributed by a population-based formula to Governor-appointed state service commissions, which in turn make grants to local nonprofit organizations and public agencies. One percent of program funds are set aside for tribal entities; and one percent of program funds are set aside for U.S. territories. Roughly 25 percent of grant funds are awarded to national nonprofits operating national service projects in two or more states. The remaining approximately 40 percent of grant funds are awarded to state service commissions on a competitive basis to fund local nonprofit and public entities operating local community service projects.

State and National grants have been used to enable sponsoring organizations to manage and fund about 70,000 AmeriCorps members per year to provide intensive services in communities across the country. State and National AmeriCorps members serve through more than 900 nonprofit organizations, public agencies, and faith-based and other community organizations. Members tutor and mentor youth, build affordable housing, teach computer skills, clean parks and streams, run after-school programs, and help communities respond to disasters. In addition, these trained and dedicated people enable nonprofits to accomplish more by helping them to recruit, train, and make more effective use of community volunteers.



The premise of the State and National Program is that communities and community institutions, whether public agencies or private organizations, can best identify community needs and develop appropriate responses to those needs. The Corporation's support for community-based solutions serves to leverage additional financial and in-kind support, making local efforts more sustainable. Equally important, State and National support is designed to increase the involvement and contribution of community volunteers to solve community problems. The State and National program is an effective way to help communities strengthen their ability to respond to local concerns.

Interest in AmeriCorps*State and National continues to grow — both among younger Americans who want to serve and among communities and community organizations that recognize that the Program can be a valuable partner in the effort to meet critical local needs. In the 2004-05 program year, for example, AmeriCorps*State and National has awarded grants for about 70,000 members to:

- Serve over 2 million children and youth in education-related programs and continue to advance the Nation's goal of ensuring that all children can read by the third grade; and
- Recruit and train more than 600,000 community volunteers, reflecting the Corporation's goal of increasing member leveraging.

Program Performance

Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1 Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs.

Since 1994, more than 400,000 Americans have served in programs supported by the State and National program. Over the years, AmeriCorps*State and National members have served in every state and territory, in rural and urban communities, and in tribal communities. In 2004, AmeriCorps*State and National members contributed more than 30 million hours of service to their communities, meeting educational, environmental, public safety, and other human needs.

As part of our National Performance Benchmarking efforts, we surveyed AmeriCorps grantee organizations to measure the impact of the AmeriCorps members to the projects with which

they served. 84 percent of these organizations responded that these projects were “very successful.” 75 percent said that AmeriCorps assistance had increased “by a considerable amount” the number of end beneficiaries served. And 83 percent reported that AmeriCorps members helped their organization either “considerably” or “moderately” in leveraging additional volunteers.

Strategy 1.2 Improve program quality, reach, and sustainability.

The State and National program’s success depends largely on the performance of its grantees in creating and managing projects to meet community needs. The Corporation closely tracks the performance of grantees in such areas as recruiting and sustaining members through their terms of service.

Strategy 1.3 Diversify the national and community service infrastructure.

The State and National program is taking additional steps to diversify its funded partners, and specifically to increase the number of grants to under-represented types of organizations. The current thrust is to focus outreach on increasing the number of rural programs, programs sponsored by faith-based and other small community-based organizations, and programs carrying out homeland security activities. Beginning in FY 2005, the Corporation will set a baseline for these types of organizations and programs.

Goal 2: Improve the lives of national service participants

Strategy 2.2 Expand educational and economic opportunities for members.

One important benefit of national service for members completing their terms of service is access to an education award that can be used toward current educational expenses or to pay off qualified higher education debt. Education award usage has increased since the creation of the AmeriCorps program from 68 percent to the current rate of 75 percent. This indicator reports on the percentage of members who use their award within the seven years allotted following the end of service. This improvement would therefore suggest some success in our efforts to strengthen outreach to former members to encourage them to use their benefits. The Corporation is strengthening its communication with members at the end of service to better inform them of education award parameters, and this should be reflected in continued improvement in this indicator in the years ahead.

As part of our National Performance Benchmarking effort, we recently asked former AmeriCorps members about their AmeriCorps service experience, including how their service helped in their current job, educational pursuits, or other community service activities. 63 percent stated that it helped “to a great extent” and another 30 percent said it helped “to a moderate extent.” Only 6 percent responded “to a small extent” or “not at all.” Former members were also very positive about their overall service experience, with 90 percent citing their service experience was either “excellent” (49 percent) or “good” (41 percent). 92 percent said they are “very likely” (34 percent) or “somewhat likely” (58 percent) to recommend AmeriCorps service to a friend or family member. 81 percent of former members said they have done volunteer work since completing their service.

Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.4 Increase service programs and participants in faith-based and small community organization initiatives.

Supporting faith-based and community-based programs continued to be a priority for AmeriCorps*State and National in FY 2004. AmeriCorps*State and National continues to reach out to and partner with faith-based and other community-based organizations to expand their opportunities to help address community needs. During FY 2004 over \$25 million was awarded to 47 faith-based organizations (community-based statistics are still being compiled). Members provide services to children and youth, build houses, and support health care needs through faith-based and community-based organizations.

Evaluation Findings and Plan

Longitudinal Study of AmeriCorps Member Serving Country and Community:

This study is designed to assess the long-term attitudinal and behavioral impacts of participation in AmeriCorps on members’ civic values and engagement, education, employment, life skills,

AmeriCorps: Changing a Life for the Better

Xavier Vasquez serves with the Safe Neighborhood AmeriCorps Program in Bridgeport, Conn. When he was 13 he was charged with robbery and assault but now, a high school senior, he just received the first-ever Bellinger Youth Award from the Regional Youth Alcohol and Substance Abuse Program, honoring a young person who has overcome obstacles in life and made a commitment to community service. After a year serving with an after-school program for a performing arts group, Vasquez is in his second year of AmeriCorps, at the Bridgeport Area Youth Ministry helping youth with computers. He plans to use his education award to study electrical engineering in college.
Source: National Service News 195

and social attitudes and behaviors. The study includes a nationally representative sample of 2,233 AmeriCorps members from 109 AmeriCorps*State and National programs and from three (of five) AmeriCorps*NCCC regional campuses enrolling in the 1999-2000 program year, and similar numbers in the comparison group. The study compares changes in the outcomes of members to individuals not in AmeriCorps, controlling for interest in national service, member and family demographics, and prior civic engagement. Results will be available in December of 2004.

National Performance Benchmarking Initiative:

AmeriCorps*State and National is currently collecting survey data from grantees, members completing their service, and end beneficiaries of AmeriCorps programs. Among other things, these surveys regularly measure:

- Grantee satisfaction with the effectiveness of their AmeriCorps members in meeting specific community needs;
- Effectiveness of programs in terms of the experiential, educational, and workplace benefits for the members themselves;
- Impact of AmeriCorps on individuals, families and communities.

AmeriCorps*State and National Key Performance Measures

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other needs					
Number of members enrolled annually. Source: State and National Program data ¹	59,377	48,146	35,844	56,824	
Average percent of expected service time completed by members. Source: <i>National Service Trust</i> ²	90.9%	N/A	N/A	Data will be available in 2005 Report	
Percentage of members completing their term of service. Source: <i>National Service Trust</i> ³	75.7%	80.1%	78.7%	91%	
Number of members serving in organizations focusing on children and youth. Source: <i>State and National Program data</i> ⁴	N/A	N/A	N/A	22,650	
Percentage of service recipients reporting that they received high quality services.	N/A	N/A	N/A	Data will be available in 2005 Report	
Number of member service years.* ⁵	N/A	N/A	N/A	Data will be available in 2005 Report	
Strategy 1.2: Improve program quality, reach, and sustainability					
Percentage of state commissions reviewed that met all critical performance elements within 6 months of review. ⁶	N/A	N/A	N/A	Data will be available in 2005 Report	
Number of volunteers resulting from State and National Program activity. Source: <i>State and National Program data</i>	N/A	256,170	529,389	Data will be available in 2005 Report	
Percentage of programs meeting established end-outcome performance measures.	N/A	N/A	N/A	Data will be available in 2005 Report	
Number of grants approved and funded. Source: <i>eGrants*</i>	145	145	127	134	
Average cost sharing rate of grantees. Source: <i>eGrants*</i>	44%	42%	44%	44%	
Strategy 2.2: Expand educational, economic and other opportunities for service participants					
Education award usage. Source: <i>National Service Trust</i> ⁷	68%	72%	75%	75%	
Percentage of members increasing their level of civic engagement because of State and National Program. ⁸	N/A	N/A	N/A	Data will be available in 2005 Report	
Percentage of members indicating that their service experience influenced ("greatly" or "moderately") their career, education, or professional goals. Source: <i>Corporation National Performance Benchmarking</i> . ⁹	N/A	N/A	N/A	93%	
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations					
Number of members serving in faith-based organizations. Source: <i>eGrants</i>	N/A	N/A	N/A	Data will be available in 2005 Report	
Number of members serving in small community-based organizations. Source: <i>eGrants</i> ¹⁰	N/A	N/A	N/A	Data will be available in 2005 Report	

* These are new indicators. Other indicators are from the FY 04 budget and Performance Plan.

¹ This is an estimate based on the historic fill rate of about 85 percent for AmeriCorps*State and National slots authorized in a fiscal year. Data for FY 2003 is actual enrollees to date; some programs are still enrolling members for FY 2003 slots, so this number is still increasing.

² This is calculated as the actual service time of those who exited the program during the fiscal year divided by the planned service time of this group. For most members the planned service time is 1,700 hours.

³ For members who complete service during a program year, divide the number of members who met requirements for an education award by the total number who ended service. If the average is 70%, approximately seven of every ten members who left the program during the year earned an education award. For FY 2004, these data are incomplete and the percentage can be expected to fall as members get further into their terms of service.

⁴ This is the total number of Americorps member slots in grants awarded in FY 2004 to organizations that identified working with youth and children as one of their focus areas.

⁵ A method for calculating this figure is being developed so that these data can be reported beginning in FY 2005.

⁶ This is a new indicator since the review process has changed from reviewing all commissions each year to conducting a more in-depth review of approximately one-third each year. Given the allowance of 6 months to come into compliance, reporting on this indicator cannot begin until FY 05.

⁷ The current year usage rate compares the amount of the education awards members earned seven years earlier with the amount of those awards used in the subsequent seven-year period (a member has up to seven years to claim the award). For example, the 2004 rate compares the amount of the education awards members earned in 1997 to the amount of those awards members used in the seven-year period from 1997-2004. The measure is most meaningfully viewed as an indicator which informs a long-term strategy towards maximizing the effectiveness of the education award.

⁸ The Corporation has gathered preliminary data from members after their service was completed. At this stage it is unclear if these data can provide reliable information on the longer term impact of service on the member.

⁹ This is the baseline for this indicator.

¹¹ The Corporation is developing a definition of "small community organization" to be used across all programs and will be able to begin reporting these data in FY 05.

Performance Indicators That Are Being Discontinued

State and National—Discontinued Performance Measures and Explanations

Performance Measure	Explanation
Number of state commission meeting all of the state administrative standards criteria.	This performance indicator is being dropped since the Corporation has changed its protocol for reviewing the performance of state commissions. It has been replaced by a new indicator.
Number of state commissions meeting state administrative standards criteria for utilizing appropriate financial and program management systems	This performance indicator is being dropped since the Corporation has changed its protocol for reviewing the performance of state commissions. It has been replaced by a new indicator.
Number of national direct grantees meeting standards for utilizing appropriate financial and program management systems.	This performance indicator is being dropped since the Corporation has changed its protocol for reviewing the performance of state commissions. It has been replaced by a new indicator.



AmeriCorps*NCCC and Montana Conservation Corps members posing with a Lake Wales, Florida Family whose home sustained damage from a recent hurricane. AmeriCorps members installed the tarp on the roof to prevent further rain damage until contractors could conduct permanent repairs.



AmeriCorps * NCCC

About the Program

AmeriCorps*National Civilian Community Corps (NCCC) is a full-time, team-based residential program for men and women ages 18–24. Drawn from the successful models of the Civilian Conservation Corps of the 1930s and the U.S. military, the NCCC is built on the belief that civic responsibility is an inherent duty of all citizens, and that national service programs work effectively with local communities to address pressing needs.

The mission of the NCCC is to strengthen communities and develop leaders through direct team-based national and community service. In partnership with nonprofit organizations, state and local agencies, and community and faith-based groups, members complete service projects in all 50 states and some U.S. territories. Members receive a \$4,000 annual living allowance, plus room and board. At the successful completion of their service, members receive an education award of \$4,725.

The NCCC offers young Americans an opportunity to give back to their communities, develop a work ethic and citizenship skills, learn to live cooperatively with people from different backgrounds, and make lasting changes in communities. Organized into teams, members serve in local communities on projects that are proposed by nonprofit and local government organizations. All members are trained in CPR, first aid, and mass care, and can be deployed immediately to support disaster relief efforts in cooperation with the American Red Cross and FEMA.

NCCC members live and train at five regional campuses. Three of the campuses occupy closed military bases in Charleston, South Carolina; Denver, Colorado; and Sacramento, California. Of the two other campuses, one is based at a medical facility for veterans in Perry Point, Maryland and the other at a municipal facility in Washington, D.C.

NCCC Campuses and Corporation Cluster Offices, State Offices, and Service Centers



KEY	
	NCCC Campuses
	Cluster Offices
	State Offices
	Service Centers

Program Performance

During this past year the Corporation has undertaken a comprehensive review of how it measures success for the NCCC program. NCCC is unique among Corporation programs in that the recruitment of members, planning of activities (“projects”), and day-to-day management of the program and the campuses on which the members reside is handled directly by Corporation staff. It is also the Corporation’s most flexible program, as it is designed to respond to direct requests for support from partner organizations. NCCC specializes in responding to urgent needs as a result of natural disasters and critical, often very short term, assistance to communities.

Success of the program is essentially measured along four lines:

- Impact on the capacity of the partner organization with whom a project has been undertaken.
- Impact on the AmeriCorps member in terms of increasing his or her educational and employment prospects.
- Prompt response and effective adaptation to national priorities (e.g. homeland security).
- Efficient use of member service through cost effective planning and management.

Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1 Leverage service to address the nation’s education, public safety, environmental, homeland security, and other human needs

In FY 2004, NCCC was instrumental in enabling a range of organizations to address unmet needs in local communities and provide effective services to project clients. In FY 2004, NCCC engaged 1,187 members on 591 projects in all 50 states. Nearly 90 percent of program participants completed the program, investing 1.8 million service hours. Members served with about 16,000 volunteers, or about 15 volunteers per member. In NCCC, projects are identified under one of five issue areas. The distribution of NCCC projects by type within each of the regions is shown below:

Distribution of NCCC Projects by Region and Type

Regions	Issue Areas					Total
	Disaster Relief	Education	Environment	Unmet Human Needs	Public Safety	
Western Region	2	25	40	64	5	136
Central Region	7	21	40	61	0	129
Northeast Region	17	7	21	50	0	95
Southeast Region	0	31	56	63	1	151
Capital Region	4	11	29	35	1	80
Total	30	95	186	273	7	591

In FY 2004, NCCC was particularly active in disaster relief, especially in the Southeast where a historic number of storms hit. Altogether, teams served on 36 projects that addressed homeland security needs. Examples of disaster relief and homeland security activities included the following:

- Conducted initial attack on small wildfires in northern California alongside Forest Service members;
- Assisted southern Californians who were evacuated due to wildfires, and provided mass care and family support services;
- Staffed American Red Cross call centers to respond to citizens' requests for assistance when hurricanes touched down along the East Coast;
- Helped conduct a disaster relief simulation of a plane crash to test local response capabilities in Colorado;
- Assisted families in Kentucky and West Virginia displaced by flooding, and helped them to recover valuables and remove debris from their homes; and
- Provided recovery support to communities in Maryland impacted by Hurricane Isabelle, in cooperation with county government and the Maryland Interfaith Recovery Team.

Although disaster relief and homeland security are organizational priorities, NCCC members continue to provide a variety of services to local communities in partnership with community-based and other organizations and institutions. Accomplishments in

AmeriCorps: Building Homes with Habitat for Humanity

Habitat for Humanity engages 600 AmeriCorps members each year in helping people in need of shelter build or renovate simple, decent, affordable houses. AmeriCorps members serve full-time for an 11-month term, completing at least 1,700 service hours. They carry out a range of tasks, from directly constructing and rebuilding homes and providing crew leadership to recruiting and supervising volunteers. Since 1994, AmeriCorps members have served 1.5 million hours and have worked alongside 300,000 Habitat volunteers to build more than 2,500 houses that otherwise would not have been built. Habitat's founder Millard Fuller said, "The continuity, leadership, and knowledge that AmeriCorps members provide allow us to increase both the number of volunteers we are able to mobilize effectively and the overall productivity of our efforts."

FY 2004 included:

- Tutored or mentored 25,000 children and youth;
- Constructed or repaired over 500 homes for low-income families;
- Built or restored more than 550 miles of trail in national parks;
- Supported 73 summer camps to improve the infrastructure and increase the capacity to engage more youths; and
- Assisted nearly 1,000 senior citizens and veterans.

The team-based program model results in a high volume rapid-response service that is extremely cost-effective. For example, following the hurricanes this past year in the southeast, 545 NCCC members were deployed at the request of FEMA and the American Red Cross to assist citizens. A group of 85 members worked with the Christian Contractors Association to make temporary repairs to over 1,500 homes. This included installing temporary roof tarps that enabled families to return to their homes. Based on prevailing market rates this effort was valued at \$5 million, roughly 20 percent of the total NCCC budget. Put another way, NCCC program costs for these members during the disaster deployment were less than one percent of the value of the services that they provided.

Goal 2: Improve the lives of national service participants *Strategy 2.1 Increase the diversity of participants within and among service programs*

In FY 2004 the NCCC restructured the national office and created a new position—recruitment coordinator—to provide increased emphasis on recruitment efforts overall, including special attention to applicant diversity. Working in collaboration with youth-serving organizations and higher education institutions, the NCCC expects to see, beginning in FY 2006, incremental increases in the number of applications overall, and especially from members of non-traditional populations.

Strategy 2.2 Expand educational and economic opportunities for service participants

NCCC members have up to seven years to use their educational award to pay for further education or to pay off school loans. Our data for the 1997 entry class, whose awards expired this year, show that 84 percent of the funds set aside were used by the former members. Although a slight decline from the previous year, education award usage is still impressive. NCCC continues to enhance the end of service career and educational development support that is integral to the program structure.

Strategy 2.3 Encourage lifelong civic engagement

The Corporation surveys are now in progress to analyze the current civic involvement of those whose service in NCCC ended half a decade ago. The results of this survey will inform program planning strategies and focus on continuous improvement. It will also help, more broadly, in the design of other Corporation programs for which lifelong civic engagement should be an important by-product of service.

Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.2 Strengthen the spirit of community, as demonstrated by greater interaction and collaboration among individuals and institutions.

This is a general objective of the NCCC program overall, but one for which the Corporation has no specific measures because of the very modest size of the program. We do believe that organizations that sponsor NCCC projects develop skills and insights into how to better position their organizations to be more responsive to their constituents and clients. For example, in FY 2004 fully 50 percent of project sponsors reported that NCCC teams helped the organization to build or increase involvement in coalitions and partnerships.

Strategy 3.4 Increase service programs and participants in faith-based and small community-based organizations.

In FY 2004, NCCC undertook a total of 123 projects with faith-based organizations. This represented 21 percent of all NCCC projects. With an average team of 12 members serving for six weeks per project, this amounted to an investment of more than 350,000 service hours in faith-based organizations. Project sponsors included Efforts of Grace, Inc. in Louisiana, where members restored facilities and led a conflict resolution curriculum for students, and the Salvation Army in Tennessee, where members helped to operate the store and to collect and sort donated goods. In addition, NCCC's partnerships with Habitat for Humanity affiliates and other agencies that help low-income families become homeowners resulted in construction of many new homes.

Evaluation Findings and Plan

Longitudinal Study of AmeriCorps Members Serving Country and Community:

This study is designed to assess the long-term attitudinal and behavioral impacts of participation in AmeriCorps on members'

civic values and engagement, education, employment, life skills, and social attitudes and behaviors. The study includes a nationally representative sample of 2,233 AmeriCorps members from 109 AmeriCorps*State and National programs and from three of five AmeriCorps*NCCC regional campuses enrolled in the 1999-2000 program year, and similar numbers in the comparison group. The study compares changes in the outcomes of members to individuals not in AmeriCorps, controlling for interest in national service, member and family demographics, and prior civic engagement. Results will be available in December of 2004.

End of Service Studies

As in seven of the 10 years that NCCC has been in existence the members were surveyed at the end of the service year to capture data about their service experience.

National Performance Benchmarking

Effective in FY 2004, the Corporation implemented a national performance benchmarking effort to collect data from Corporation AmeriCorps programs (NCCC, State and National, and VISTA). In FY 2005 the Corporation plans to expand the aspect of the benchmarking effort that targets current NCCC members and to continue the sample survey of community organizations sponsoring NCCC projects. As in FY 2004, the project sponsor survey will capture information about the effectiveness and efficiency of the NCCC team that served with the community organization. Data from both of these surveys will contribute substantially to NCCC's ability to better serve communities and evaluate team performance.

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs					
Number of members enrolled annually. <i>Source: National Trust Database</i>	1,182	1,276	1,276	1,187	N/A
Average percent of expected service time completed. <i>Source: National Trust Database</i>	98.9%	98.0%	99.9%	Data will be available in 2005 Report	N/A
Percentage of members completing their terms of service. ¹ <i>Source: National Trust Database</i>	88%	88%	90%	92%	N/A
Percentage of projects supporting homeland security. ² <i>Source: AmeriCorps*NCCC</i>	N/A	N/A	10%	6%	N/A
Percentage of projects focusing on children and youth. <i>Source: AmeriCorps*NCCC</i>	N/A	N/A	35%	45%	N/A
Number of members supporting disaster relief operations. <i>Source: AmeriCorps*NCCC; National Survey of AmeriCorps members</i>	592	838	475	545	N/A
Percentage of organizations reporting that projects were "very successful." <i>Source AmeriCorps*NCCC*³</i>	N/A	N/A	N/A	88%**	N/A
Percentage of organizations reporting that they would highly recommend NCCC teams to other organizations.* <i>Source: AmeriCorps*NCCC*</i>	N/A	N/A	N/A	88%**	N/A
Strategy 2.2: Expand educational, economic, and other opportunities for service participants					
Education award usage. <i>Source: AmeriCorps*NCCC²</i>	68%	85%	89%	84%	N/A
Percentage of members indicating that their service experience impacted their career, educational, or professional goals. <i>Source: National Performance Benchmarking Survey</i>	N/A	N/A	N/A	83%**	N/A
Strategy 2.3: Encourage lifelong civic engagement					
Percentage of members increasing their level of civic engagement because of NCCC service. <i>Source: AmeriCorps Longitudinal Study</i>	N/A	N/A	N/A	N/A	N/A
Percentage of members saying at the end of service that their experience was excellent or good. <i>Source: AmeriCorps*NCCC*</i>	N/A	N/A	N/A	95%**	N/A
Strategy 3.2: Strengthen the spirit of community, as demonstrated by greater interaction and collaboration among individuals and institutions					
Number of projects sponsored by small community organizations ³	113	219	250	216	N/A
Number of volunteers resulting from NCCC activities. <i>Source: AmeriCorps*NCCC⁴</i>	15,000	15,000	30,000	16,000	N/A
Percentage of organizations reporting that the service of members helped ("considerably" or "moderately") the organization build or increase its involvement in coalitions or partnerships with other organizations.*	N/A	N/A	N/A	50%**	N/A
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations					
Number of projects sponsored by faith-based organizations	N/A	107	160	123	N/A

* These indicators are in addition to those presented with the FY 04 budget submission, and are intended to present a broader picture of overall program performance.

** This figure for FY 04 is the baseline.

¹ Homeland security includes projects that support prevention of, preparedness for, and mitigation and response to natural disasters including terrorist acts. Included in this definition are response to tornados, floods, and hurricanes; support for blood banks and food banks; disaster simulations; and firefighting.

² The current year usage rate compares the amount of the education awards members earned seven years earlier with the amount of those awards used in the subsequent seven-year period (a member has up to seven years to claim the award). For example, the 2004 rate compares the amount of the education awards members earned in 1997 to the amount of those awards members used in the seven-year period from 1997-2004. The measure is most meaningfully viewed as an indicator which informs a long-term strategy towards maximizing the effectiveness of the education award.

³ The Corporation is developing a definition of "small community organization" to be used across all programs and will be able to begin reporting these data in FY 05. The data reported for FY 04 refers to the number of projects sponsored by "local non-profits" (every project sponsor is now classified in one of five categories, the other four of which are national non-profit, native American, government, and educational).

⁴ This is an estimate based on member counts of community volunteers participating in service activities. The numbers may vary substantially year to year based on the number of short-term "mass volunteer" projects that NCCC undertakes.

Performance Indicators That Are Being Discontinued

NCCC—Discontinued Performance Measure and Explanation

Performance Measure	Explanation
Percentage of NCCC sponsors indicating that NCCC members made a significant contribution to achieving the project's objectives	This performance indicator is being dropped because the Corporation selected a more effective indicator for its new surveys, which is being used from FY 2004 onward: "Percentage of organizations reporting that projects were successful."



AmeriCorps member talking with a homeless man on a public street



AmeriCorps*VISTA

About the Program

Authorized in 1964, AmeriCorps*VISTA (Volunteers in Service to America) provides full-time volunteers to nonprofit community and faith-based organizations and public agencies to create and expand programs that ultimately bring low-income individuals and communities out of poverty. Each year, nearly 6,000 AmeriCorps*VISTA members leverage human, financial, and material resources to increase the capacity of thousands of low-income communities across the country to solve their own problems.

AmeriCorps*VISTA sponsoring organizations absorb most of the costs related to project supervision and logistical support. AmeriCorps*VISTA provides benefits for members and their sponsoring organizations with limited federal intrusion. The concept of self-reliance is fundamental to the AmeriCorps*VISTA program because sponsoring organizations must plan for the eventual phasing out of AmeriCorps*VISTA members and absorption of functions by the organization or community.

AmeriCorps*VISTA embraces the following objectives:

- **Anti-Poverty Focus**— Any private nonprofit organization or public agency with a program idea that is poverty-related in scope can apply for an AmeriCorps*VISTA project. The project's goal should address helping individuals and communities out of poverty rather than focusing on making poverty more tolerable.
- **Community Empowerment**— Organizations must ensure that each project engages residents of the low-income community in planning, developing, and implementing the project to ensure that it is responsive and relevant to low-income residents' ownership and self-help initiatives tapping inherent community strengths.
- **Capacity-Building**— AmeriCorps*VISTA achieves its mission by assigning members to organizations in order to expand the ability of those organizations to fight poverty. Through activities such as fundraising, volunteer recruitment and management, outreach, and collaborative development, AmeriCorps*VISTA members mobilize community resources and increase the capacity of organizations to better address the needs of the communities in which they serve.
- **Sustainable Solutions**— AmeriCorps*VISTA members are people power to help organizations address a new program area related to their mission. However, it is crucial to the concept of

local self-reliance that organizations plan for the eventual phase out of AmeriCorps*VISTA members and the absorption of their functions by other facets of the organization or community.

Program Performance

The AmeriCorps*VISTA program supports the Corporation’s goals of meeting human needs and strengthening the infrastructure, capacity, and social capital of communities across America. AmeriCorps*VISTA’s strategies for reaching these goals, along with a description of the program’s FY 2004 performance, are presented below.

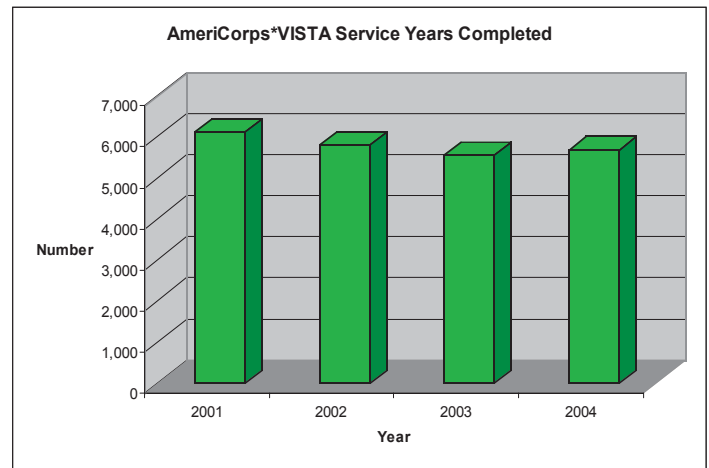
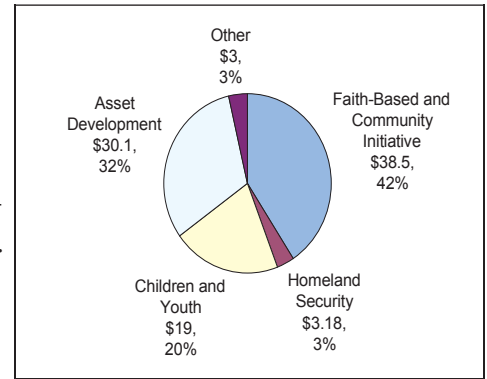
Strategy 1.1 Leverage service to address the nation’s education, public safety, environmental, homeland security, and other human needs

For decades, AmeriCorps*VISTA has developed systems and structures within non-profit organizations to effectively engage volunteers in long-term, meaningful service. AmeriCorps*VISTA supported 6,957 members in 1,421 anti-poverty projects in FY 2004. Those members served a total of 5,694 Volunteer Service Years (VSYs) totaling 11.8 million service hours.¹ In FY 2004, 92 percent of former AmeriCorps*VISTA members reported that, to a great or moderate extent, the skills they learned during their service helped them in their current job, educational pursuits, or community service activities.

According to the Federal Reserve Board, an estimated 10 million U.S. households have no savings or checking accounts.² Programs that focus on wealth creation can help low-income families save money and build equity in physical assets, such as a home. In FY 2004, AmeriCorps*VISTA supported 578 financial asset development projects, with 2,536 members serving in areas such as home ownership, individual development accounts, microenterprise development, technology access, and job training.

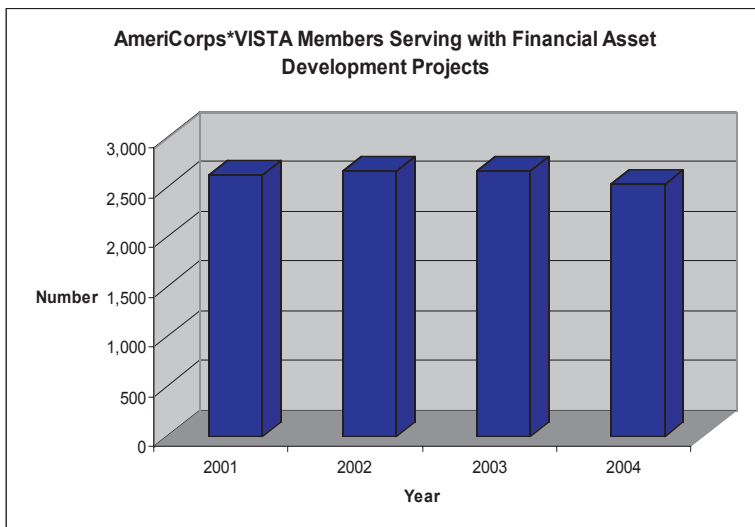
VISTA helps children and youth in areas such as school preparedness, child health services, and youth leadership development. In FY 2004, AmeriCorps*VISTA supported 1,588 members working in 374 projects to address the needs of children and youth. In addition, AmeriCorps*VISTA contributed to America’s Homeland Security efforts with 289 members serving in areas such as disaster preparedness and relief.

FY 2004 Funding Allocation (in millions)



VISTA Volunteers’ Contribution

In 2003 and 2004, 70 AmeriCorps*VISTA members assigned to the International Rescue Committee (IRC) recruited 2,590 community volunteers, who donated 42,758 hours of service. The AmeriCorps*VISTA members developed a program to offer extensive business training, with a goal of moving clients toward successful lending and creation of new businesses. In addition, they further enhanced the capacity of the organizations by raising \$889,372 in donated goods and services, and \$640,837 in additional grants and funding. *Source: AmeriCorps*VISTA Project Progress Reports*



Even after completing their AmeriCorps*VISTA service, those that have served as AmeriCorps*VISTA members continue to make contributions to their communities. In FY 2004, 88 percent of former members said they had performed volunteer work since completing their service. This figure is well above the national average for volunteering of 28.8 percent, suggesting that AmeriCorps*VISTA service has a positive influence on volunteering.³

After successfully completing a term of service, AmeriCorps*VISTA members have the option of receiving an education award or an end of service stipend. The education award can be used to defray education costs at qualified institutions of higher education or training, or to repay qualified student loans. A member has up to seven years after his or her term of service has ended to claim the award. The FY 2004 usage rate for these awards for AmeriCorps*VISTA was 80 percent, demonstrating that a majority of former members take advantage of the educational benefit that AmeriCorps*VISTA service provides.⁴

Strategy 1.2 Improve program quality, reach, and sustainability

The Corporation provides training and technical assistance and monitors projects to strengthen the capacity of AmeriCorps*VISTA sponsors to achieve the goals of their AmeriCorps*VISTA projects. Through capacity-building efforts such as fundraising, volunteer management, and training, AmeriCorps*VISTA members contribute to their sponsoring organization's ability to positively impact low-income individuals, families, and communities. In FY 2004, 28 percent of AmeriCorps*VISTA-sponsored projects shared the costs of supporting AmeriCorps*VISTA members.

Also in FY 2004, AmeriCorps*VISTA project sponsors indicated that members played a large part in helping them achieve their goals. For example, 65 percent of organizations that received AmeriCorps*VISTA resources considered the projects on which members served over the past twelve months to have been very successful. In addition, 67 percent of these organizations stated that the assistance provided to them increased the number of people they were able to serve by a considerable amount.

AmeriCorps*VISTA's objective is to strengthen the capacity and sustainability of project sponsors so that they are better able to

address community needs. Sixty percent of organizations served believed that AmeriCorps*VISTA members considerably or moderately helped bring in additional funds, and 72 percent thought that AmeriCorps*VISTA members considerably or moderately helped them bring in donations of goods and services.

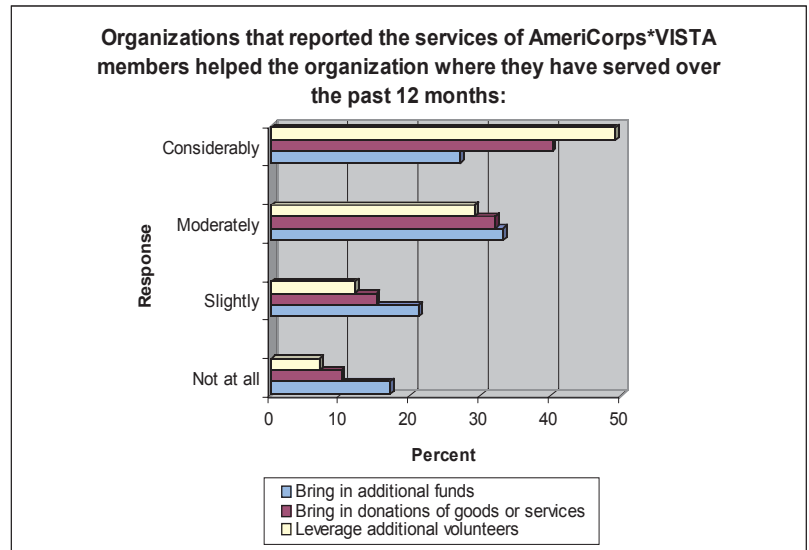
Strategy 3.3 Increase volunteering in America and grow community capacity to engage volunteers effectively

AmeriCorps*VISTA supports community efforts to grow volunteerism by helping AmeriCorps*VISTA sponsors develop effective volunteer programs and develop and establish systems to track volunteer programs and contributions of community volunteers. Of the organizations that were served by AmeriCorps*VISTA members in FY 2004, 78 percent reported that AmeriCorps*VISTA members either considerably or moderately helped them leverage additional volunteers.

Strategy 3.4 Increase service programs and participants in faith-based and other community-based organizations

VISTA supported 690 distinct projects with faith-based organizations in underserved communities with 915 members. In total, AmeriCorps*VISTA provided more than \$38.5 million in FY 2004 to support faith-based and other community-based organizations.⁵

A key initiative of the faith-based and community initiative is mentoring children of prisoners. In FY 2004, over 4,000 children of prisoners were mentored as a result of AmeriCorps*VISTA's capacity building and volunteer generation activities in 107 projects.⁶



VISTA Volunteers Helping Children of Prisoners

In FY 2004, 54 AmeriCorps*VISTA members working with Amachi, a faith-based partnership established in Pennsylvania, were placed in 16 Big Brothers/Big Sisters agencies and four other community and faith-based agencies in 17 states across the country. Collectively they recruited 972 new volunteers from local congregations to serve as mentors for children of incarcerated parents. Over the course of the year 11,664 hours of mentoring were provided to approximately 900 children. (AmeriCorps*VISTA Project Progress Report).

Evaluation Findings and Plan

Study of AmeriCorps*VISTA's Impact on 40 years of Volunteers

The Corporation initiated this evaluation to identify the long-term civic engagement, education, and employment outcomes of AmeriCorps*VISTA volunteers serving between 1964 and 1990. The study will assess how, and to what extent, AmeriCorps*VISTA service affected participants' civic attitudes, life decisions, goals, values, and enduring habits of civic engagement. It will compare AmeriCorps*VISTA volunteers to a demographically similar group to see whether they are more civically engaged; whether their attitudes toward service and volunteerism have changed over time; whether they pursued different types of careers; and whether their experience had an intergenerational effect by helping to shape the values and service habits of their children, among other issues.

AmeriCorps*VISTA Accomplishments Study

To better enable AmeriCorps*VISTA to report on program accomplishments, the Corporation is seeking a contractor to design and carry out a study assessing the community impacts of the federal AmeriCorps*VISTA program. The study will assess program accomplishments above and beyond what is currently captured in Project Progress Reports, including an assessment of how AmeriCorps*VISTA is fulfilling its legislative mandate to alleviate poverty and poverty-related problems, to generate private sector resources, to encourage volunteer service, and to strengthen the capacity of local agencies and organizations to carry out this anti-poverty program.

Evaluation of Entrepreneur Corps and Faith-Based and Community Initiatives

In 2004 and 2005, AmeriCorps*VISTA is evaluating projects within its portfolios of Entrepreneur Corps and Faith-Based and Community initiatives. The studies will assess how and to what extent AmeriCorps*VISTA resources have increased the capacity of organizations to provide services specific to their intended goals and outcomes. In addition, studies will evaluate project processes and identify common performance indicators within each portfolio to help AmeriCorps*VISTA's aggregate projects' collective impact within a given strategic priority.

¹ A volunteer service year (VSY) approximately equals one full year of service (365 days). Dividing the number of days a member serves during a fiscal year by 365 produces the VSY production. Both appropriated and non-appropriated service year production is included in this indicator. While AmeriCorps*VISTA service is 24 hours a day, seven days a week, we equate one VSY to 2080 service hours for this purpose.

² Survey of Consumer Finances, Federal Reserve Board, 2001.

³ "Volunteering in the United States, 2003," Current Population Survey, U.S. Department of Labor.

⁴ The 2004 rate compares the amount of the education awards members earned in 1997 to the amount of those awards members used in the seven-year period from 1997-2004 (a member has up to seven years to claim the award).

⁵ Data is accurate as of 5/27/2004. End of year totals are not yet available.

⁶ Data is accurate as of 5/27/2004. End of year totals are not yet available.

AmeriCorps*VISTA Key Program Performance Measures

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs					
Percent of former members who, since they concluded service, have exhibited a high level of community participation. <i>Source: 2004 AmeriCorps National Performance Measurement Benchmarking project.*1</i>	N/A	N/A	N/A	88%	N/A
Number of anti-poverty programs served. <i>Source: eSpan and VISTA information systems*2</i>	1,639	1,637	1,541	1,421	N/A
Number of AmeriCorps*VISTA members enrolled annually. <i>Source: AmeriCorps*VISTA and National Service Trust Database³</i>	7,325	5,697	6,754	6,957	N/A
Number of AmeriCorps*VISTA service years completed. <i>Source: Corporation eSpan database**4</i>	6,132	5,826	5,569	5,694	N/A
Number of members serving with homeland security projects. <i>Source: VISTA Information systems**</i>	N/A	1	83	289	N/A
Percent of former members reporting the skills they learned during their service helped in their current job, educational pursuits, or community service activities to a great or moderate extent. <i>Source: 2004 AmeriCorps National Performance Measurement Benchmarking project⁵</i>	N/A	N/A	N/A	92%	N/A
The number of AmeriCorps*VISTA members serving children and youth. <i>Source: VISTA Information systems⁶</i>	1,755	1,797	1,714	1,588	N/A
Number of members serving with financial asset development projects. <i>Source: VISTA information systems⁷</i>	2,630	2,669	2,663	2,536	N/A
Percentage of AmeriCorps*VISTA members receiving education awards that use the award to further their education or reduce their education loan debt during the sen-year award period. <i>Source: National Service Trust Database⁸</i>	73%	78%	78%	80%	N/A
Strategy 1.2 Improve program quality, reach, and sustainability					
Percent of projects sharing costs of VISTA members. <i>Source: VISTA information systems*</i>	N/A	N/A	N/A	28%	N/A
Percent of organizations reporting that the projects on which members served over the past 12 months had been "very successful." <i>Source: 2004 AmeriCorps National Performance Measurement Benchmarking project*</i>	N/A	N/A	N/A	65%	N/A
Percent of organization that reported the assistance provided to their organization had increased the numbers served by a considerable amount over the past 12 months. <i>Source: 2004 AmeriCorps National Performance Measurement Benchmarking project.*9</i>	N/A	N/A	N/A	67%	N/A
Percent of organizations that reported the services of VISTA members "considerably" or "moderately" helped the organization where they have served over the past 12 months to bring in additional funds. <i>Source: AmeriCorps National Measurement Benchmarking project*9</i>	N/A	N/A	N/A	60%	N/A

(continued on next page)

(cont'd) Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Percent that reported the services of VISTA members "considerably" or "moderately" helped the organization, where they have served over the past 12 months, bring in donations of goods or services. <i>Source: 2004 AmeriCorps National Performance Measurement Benchmarking project</i> ¹⁰	N/A	N/A	N/A	72%	N/A
Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively					
Percent that reported the services of VISTA members "considerably" helped the organization, where they have served over the past 12 months, leverage additional volunteers. <i>Source: AmeriCorps annual survey</i> ¹¹	N/A	N/A	N/A	78%	N/A
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations					
Number of children of prisoners mentored as a result of VISTA capacity building and volunteer generation activities. <i>Source: VISTA information systems</i>	N/A	N/A	N/A	4,098	N/A
The number of AmeriCorps*VISTA members serving in community-based (secular non-profit) organizations. <i>Source: VISTA information systems</i> ¹²	N/A	N/A	N/A	N/A	N/A

* The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

** The Corporation presented this measure in the Performance and Accountability Report FY 2003.

¹ The precise wording of this survey question was, "Percent of former members who have done volunteer work since completing their service."

² In past years, this indicator was worded as, "Number of AmeriCorps*VISTA projects." Since all AmeriCorps*VISTA projects are anti-poverty, the figures are equivalent across years. The FY 2004 data is for the number of projects operating at any time during the year.

³ The number of members enrolled annually is the number of members beginning service during the fiscal year.

⁴ A volunteer service year (VSY) equals one full year of service (365 days). Dividing the number of days a member serves during a fiscal year by 365 produces the VSY production. Both appropriated and non-appropriated service year production is included in this indicator.

⁵ Responses of "to a great extent" equal 59% and to a "moderate extent" equal 33%. This indicator was originally worded as, "Percentage of AmeriCorps*VISTA members indicating that their service experience influenced their career, educational or professional goals."

⁶ The original wording of this indicator was, "The number of AmeriCorps*VISTA members serving in organizations focusing on children and youth." Children and youth activities include adult education and literacy, head start, school preparedness, pre-elementary day care, youth leadership development, maternal/child health services, mentoring, child abuse/neglect, children and youth safety programs, and juvenile justice, delinquency/gangs.

⁷ This indicator was originally worded as, "The number of AmeriCorps*VISTA members serving in organizations expanding asset accumulation and entrepreneurial opportunities for the poor." Asset development activities include computer literacy, job preparedness and school-to-work, community revitalization/improvement, cooperatives/credit unions, job development/placement, microenterprise, small and minority business development, technology access, welfare-to-work, other community and economic development, and home management support/education.

⁸ The current year usage rate compares the amount of the education awards members earned seven years earlier with the amount of those awards used in the subsequent

seven-year period (a member has up to seven years to claim the award). For example, the 2004 rate compares the amount of the education awards members earned in 1997 to the amount of those awards members used in the seven-year period from 1997-2004. The measure is most meaningfully viewed as an indicator which informs a long-term strategy towards maximizing the effectiveness of the education award.

⁹ Responses of "considerably helped" equal 27% and "moderately helped" equal 33%.

¹⁰ Responses of "considerably helped" equal 40% and "moderately helped" equal 32%.

¹¹ Responses of "considerably helped" equal 49% and "moderately helped" equal 29%. This indicator was originally worded as, "Number of volunteers resulting from AmeriCorps*VISTA activities."

¹² In FY 2004, the Corporation changed its methodology for collecting this information for VISTA. In prior years, all project names were manually reviewed at Headquarters to determine which were sponsored or operated by faith-based organizations, and the total members assigned to those projects were summed to arrive at an aggregate number. This method had limitations and the resulting prior year figures should be considered estimates. In FY 2004, a new methodology was employed to obtain this information at the ground level, resulting in greater accuracy. While a single VISTA project may have numerous placement sites, this year, only those members at the placement sites designated as faith-based were counted (versus all members assigned to the overall project, as has been counted in previous years). Therefore, the prior year estimates, when compared to the more precise 2004 data, appear high.



Seneca Valley juniors Matt Luetze and Jordan Coughenour work in an office setting with classmates [...] as part of the school's new service education course. The group was brainstorming ideas for a project to aid local soldiers serving in Iraq. *Christopher Horner/Tribune-Review. Tribune-Review (Pittsburgh, PA), Thursday, September 9, 2004*



Learn and Serve America

About the Program

Since 1990, Learn and Serve America (Learn and Serve) has furthered America's tradition of civic participation and volunteerism by making grants to integrate community service with educational curricula through a practice known as service-learning. Learn and Serve grant-making fosters collaboration among schools, community-based organizations, and institutions of higher education to meet immediate community needs and strengthen the capacity of communities to address long-term needs.

Approximately 1.1 million students annually participate in about two thousand local Learn and Serve-supported projects in which community service is integrated into classroom and extracurricular learning.

Learn and Serve America provides funds to state education agencies, nonprofit organizations, colleges and universities, Indian Tribes, and State Commissions on National and Community Service. Most of these grantees function as intermediaries; they provide and administer subgrants to local programs, monitor and evaluate local programs, and provide training and technical assistance. The local programs create or expand service-learning activities, and provide training to teachers, faculty and staff members, adult volunteers, student participants, and community members. At the local level, all programs are partnerships between schools and community-based organizations, between higher education institutions and schools or community-based organizations, or are implemented by local community organizations.

The Learn and Serve America program leverages significant non-Corporation support for its programs. All school- and community-based grantees must demonstrate an increasing level of matching funds to qualify for continued Federal support. After four years, school- and community-based grantees are required to provide half of the program costs. Higher education grantees must provide half of their program costs from the outset. Most Learn and Serve programs exceed the match required.

Program Performance

Learn and Serve America supports the Corporation's goals of meeting human needs; improving the lives of national service participants; and, strengthening the infrastructure, capacity, and social capital of communities across America. Learn and Serve's

strategies for reaching these goals, along with a description of the program's FY 2004 performance, are presented below.

Strategy 1.1 Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs

The Corporation supports grantees and local subgrantee programs that, in turn, support Learn and Serve participants. These participants, grantees, and subgrantees work to achieve the Corporation's service-learning objectives.

In FY 2004, 1.1 million individuals participated in Learn and Serve programs. The Corporation believes this figure represents a significant level of involvement, although it falls short of the FY 2004 target of 1.65 million participants. The FY 2004 participant number reflects a change in program strategy for many Learn and Serve America programs. Programs were instructed to support projects that were to take place over the full year in one school or district rather than to fund disparate projects in many classrooms, as was the case in prior years. The revised standard meant that projects covered fewer participants, but gave greater focus to quality and program intensity.

Learn and Serve America develops and funds programs that engage children and youth in service-learning activities that benefit their schools and communities. Program participants contribute significant amounts of time. Thirty-two percent of all service-learning participants were involved at least one semester and served 20 hours or more. In addition, 60 percent of grantees and subgrantees reported that Learn and Serve-funded activities had a substantial positive impact on the organizations that were served.

Strategy 1.2 Improve program quality, reach, and sustainability

The Corporation strives to improve the competitiveness, quality, reach, and sustainability of Learn and Serve grantees. Programs are targeted for improvement through several outreach and training and technical assistance initiatives. Of the organizations that received Learn and Serve funding, 75 percent in FY 2004 met a majority of the criteria for high-quality service-learning programs. These characteristics include, among other things, whether the program had clear and specific learning objectives, strong community partnerships, and an emphasis on both learning and service.¹

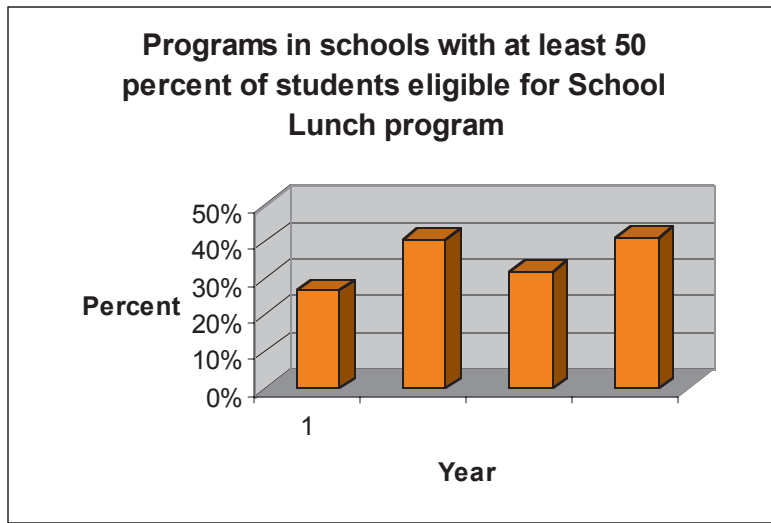
Strategy 2.1 Increase the diversity of participants within and among service programs

In addition to engaging students in service-learning and helping

Service Hero: Service-Learning's Jane Hammatt-Kavaloski

Jane Hammatt-Kavaloski plans to retire at the end of this school year, 20 years after teaching the first service-learning class at Malcolm Shabazz City High School in Madison, Wis. That class, "The Mississippi Connection," was just the beginning for Hammatt-Kavaloski, a school social worker, who later became coordinator of service-learning at Shabazz. Under her leadership, service-learning has become an integral part of the Shabazz curriculum, involving every student. More than 60 different types of service-learning classes have been offered, encompassing every discipline and connecting with hundreds of organizations and communities locally, nationally, and internationally. Thousands of youth and adults have been impacted by the service-learning program at Shabazz. The school's stellar program prompted its selection as a Service-Learning Leader School in 1999. From 1999 to 2001, Hammatt-Kavaloski coordinated 84 formal and informal service-learning presentations, which reached nearly 2,000 people, including 670 college students majoring in education.

to expand service-learning to about one-third of public schools, Learn and Serve has increased the diversity of its programs and participants and provided effective support to its grantees and



schools throughout the country. The Corporation seeks to increase the proportion of Learn and Serve participants who are from underserved groups, including individuals from low-income families, underrepresented racial/ethnic groups, and special needs groups. In FY 2004, 41 percent of K-12 schools involved in Learn and Serve programs had more than half of their students in the federal subsidized school lunch program. About 28 percent of all Learn and

Serve participants were from minority (defined as non-white) populations. In addition, ten percent of Learn and Serve participants were people with disabilities.

Strategy 2.2 Expand educational, economic, and other opportunities for service participants

Through increased emphasis on measuring the development of civic knowledge and skills, on academic outcomes, and on the prevalence of risky behaviors, Learn and Serve programs demonstrate significant benefits to young people. For example, 34 percent of grantees and subgrantees in FY 2004 believed that the programs had a substantial positive impact on the academic performance of service-learning participants.

Strategy 2.3 Increase lifelong civic engagement

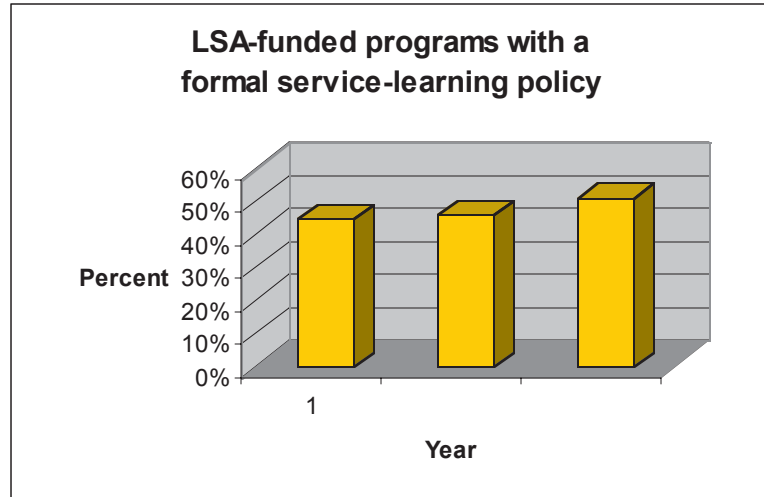
Learn and Serve programs encourage participants to stay civically-engaged throughout their lives by increasing their civic skills, knowledge, and dispositions (i.e. intentions, inclinations, and habits of civic engagement). The independent nonprofit organization, Independent Sector, indicates that the strongest predictor of adult volunteer activity is service and volunteering as a child or teen.² In FY 2004, 48% of Learn and Serve-funded organizations reported that Learn and Serve activities had a substantial positive impact on participants' civic engagement.

Strategy 3.1 Renew the ethic of civic responsibility in part by stimulating educational institutions to focus on their civic missions

A primary goal of the Learn and Serve program is to increase the

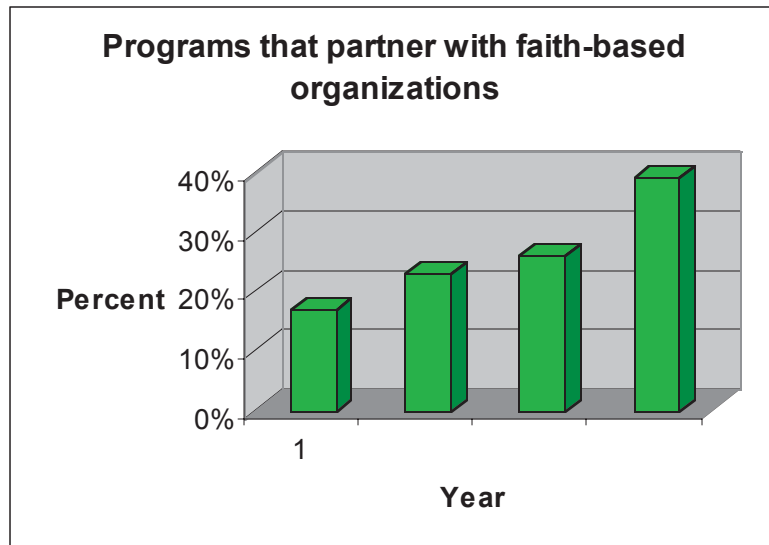
civic engagement and community involvement of young people through educational institutions and other organizations. All Learn and Serve programs require partnerships between education and community groups to meet local service and educational goals. In order to ensure that Learn and Serve funding acts as a catalyst to broader and long-term adoption of service learning, the program has begun to measure key characteristics of program design and scope believed to influence widespread sustainable program institutionalization.

In FY 2004, 47 percent of all organizations funded by Learn and Serve reported that Learn and Serve activities had a substantial positive impact on efforts to make service-learning a permanent part of their institution. Accordingly, 29 percent had implemented service-learning institution-wide, suggesting a number of these organizations have made strong commitments to a civic mission. A higher number, 51 percent, had an official core curriculum, approved course curriculum, or at least one program or department in service learning. This figure represented an increase over the FY 2003 level, when 46 percent of these organizations had formalized service learning.



Strategy 3.4 Increase service programs and participants in faith-based and other community-based organizations

Also in FY 2004, 6.9 percent (representing 57 organizations) of LSA-funded organizations were faith based and 39.1 percent (representing 474 organizations) partnered with faith-based organizations. From 2001 to 2003, the percentage of Learn and Serve programs working with faith-based organizations increased nearly 10 percent, from 17 to 26 percent.³ In addition, funds granted directly to faith-based organizations increased 147 percent from the 2000-2003 grant period to the 2003-2006 grant period.



Evaluation Findings and Plan

Learn and Serve will continue to enhance its capacity to measure program outcomes and will document the impact of the program on institutions and organizations that operate LSA programs, on student participants, and ultimately on communities.

Learn and Serve America Performance Measurement System

In FY 2004, Learn and Serve America implemented a new program and performance measurement reporting system. This system collects national data on the outputs, intermediate outcomes, and end outcomes of grantees, subgrantees, and sub-subgrantees, which will be used for program management and improvement, as well as performance reporting. In future years, Learn and Serve will use this system to conduct specialized surveys of participants, teachers, faculty and staff, and community partner organizations. In addition, the system will establish a baseline for an intensive study of the institutionalization of service learning.

Youth Volunteering and Civic Engagement Survey

With the U.S. Census, the Corporation has begun collecting data on volunteering and civic engagement among America's youth, ages 12 to 18. The survey will be the only national study on teen volunteering and civic engagement, including motivations, attitudes, experiences, and demographics that would be utilized in promoting, fostering, facilitating, managing, and evaluating participation at the national level. Through the survey, Learn and Serve will gain valuable national-level data on service-learning and its relationship with volunteering and other forms of civic engagement.

Service-Learning and Community Service in Public Schools Survey

In order to assess the extent of service-learning in America's public schools, the Corporation plans to collaborate with organizations such as the U.S. Department of Education, the National Association of Secondary School Principals and the National Association of Elementary School Principals to administer a national survey of community service and service-learning in public schools. The survey will be based on the 1999 National Center for Education Statistics (NCES) Rapid Response study of community service and service-learning which established the baseline for the prevalence of community service and service-learning.

¹ Specifically, 75% of the organizations said that they frequently or always meet at least six of the nine characteristics.

² "Engaging Youth in Lifelong Service," Independent Sector, 2002

³ 2004 Learn and Serve America Program and Performance Measurement Report. The 2004 figure for partnering with faith-based organizations may not be directly comparable to the 2001-2003 data. For data collected in those prior years, organizations were asked whether they "collaborate" with faith-based organizations. In 2004, organizations were asked whether they "partner" with faith-based organizations. Learn and Serve America school-based funds, which account for nearly 65 percent of all LSA funding, must be provided to local education agencies that serve as the fiscal agent for LSA funds. The balance of LSA funds are available to colleges or nonprofit organizations.

Learn and Serve America Key Program Performance Measures

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs					
Number of participants (students) in projects supported by Learn and Serve America. <i>Source: Learn and Survey America Progress Reports and surveys.</i> ¹	1,844,146	1,725,658	1,873,515	1,129,887	1,650,000
Percentage of grantees and subgrantees reporting that LSA had a substantial positive impact on the organizations that were served. <i>Source: 2004 LSA Program and Performance Measurement Report*</i>	N/A	N/A	N/A	60.4%	N/A
Percentage of participants in service-learning programs that last at least a semester that serve a minimum of 20 hours. <i>Source: 2004 LSA Program and Performance Measurement Report*</i>	N/A	N/A	N/A	31.6%	N/A
Strategy 1.2: Improve program quality, reach, and sustainability					
Increased percentage of grantees (and subgrantees) meeting characteristics of a high-quality service-learning program. <i>Source: LSA Program Measurement Report*²</i>	N/A	N/A	N/A	74.6%	N/A
Strategy 2.1 Increase diversity of participants within and among service programs					
Percentage of programs in schools with at least 50 percent of students eligible for school lunch (or otherwise identified as poor). <i>Source: LSA Program and Performance Report**</i>	27.0%	41.0%	32.0%	41.4%	N/A
Percentage of participants who are part of a minority population. <i>Source: 2004 LSA Program and Performance Measurement Report*³</i>	N/A	N/A	N/A	27.5%	N/A
Percentage of participants with disabilities. <i>Source: 2004 LSA Program and Performance Measurement Report*⁴</i>	N/A	N/A	N/A	9.0%	N/A
<i>(continued on next page)</i>					

(cont'd)	Performance Measure	Actuals				Goal
		FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 2.2 Expand educational, economic, and other opportunities for service participants						
	Percentage of organizations that report that Learn and Serve funded activities had a substantial positive impact on the academic performance of service-learning participants. <i>Source: 2004 LSA Program and Performance Measurement Report.</i> * ⁴	N/A	N/A	N/A	34.2%	N/A
Strategy 2.3: Increase lifelong civic engagement						
	Percentage of grantees and subgrantees reporting that LSA activities had a substantial positive impact on participants' civic engagement. <i>Source: 2004 LSA Program and Performance Measurement Report</i>	N/A	N/A	N/A	48.1%	N/A
Strategy 3.1: Renew the ethic of civic responsibility in part by stimulating educational institutions to focus on their civic missions						
	Percentage of programs with a formal service-learning policy. <i>Source: 2004 LSA Program and Performance Measurement Report</i> ** ⁵	N/A	45.0%	46.0%	51.3%	N/A
	Percentage of organizations where the scope of service-learning is institution-wide. <i>Source: 2004 LSA Program and Performance Measurement Report</i> * ⁶	N/A	N/A	N/A	16.0%	N/A
	Learn and Serve funded activities had a substantial positive impact on efforts to make service-learning a permanent part of their institution. <i>Source: 2004 LSA Program and Performance Measurement Report</i> *					
	Percent of elementary and secondary schools with service-learning programs. <i>Source: Study by Westat, 2004</i>	N/A	N/A	N/A	N/A	30%
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations						
	Percentage of grantees that are faith-based organizations. <i>Source: 2004 LSA Program and Performance Measurement Report</i> *	N/A	N/A	N/A	4.6%	N/A
	Percentage of grantees that are community-based (secular non-profit) organizations. <i>Source: 2004 LSA Program and Performance Measurement Report</i> * ⁷	N/A	N/A	N/A	N/A	N/A
	Percentage of programs that partner (collaborate) with faith-based organizations. <i>Source: 2004 LSA Program and Performance Measurement Report</i> ** ⁸	17.0%	23.0%	26.0%	39.1%	N/A

* The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

** The Corporation presented this measure in the Performance and Accountability Report FY 2003.

¹ The FY 2004 number was estimated based on responses to the 2003-2004 Learn and Serve America Program and Performance Measurement Report. For the survey, there were 1,221 responses to the number of service-learning participants in Learn and Serve programs for a total number of reported service-learning participants of 731,466. In addition, there were 1,188 responses to the number of youth volunteer participants (includes one-time participants in service-learning activities) in Learn and Serve programs for a total number of reported youth volunteers of 81,656. Based on Learn and Serve grantee reporting and the program and performance measurement report, there are a total of 1,662 Learn and Serve grantees, subgrantees, and sub-subgrantees, indicating a 73% response rate for service-learning participants and a 71% response rate for youth volunteers. With the assumption that the characteristics for nonrespondents are equivalent to those of the respondents, the mean number of reported participants was multiplied by the estimated number of nonrespondents for each institutional type to calculate the approximate number of nonreported service-learning participants at 270,043 and nonreported youth volunteer participants at 46,722. Also, the FY 2004 participant number (down from prior years) reflects a change in program strategy for many Learn and Serve America programs. Programs were instructed to support projects that were to take place over the full year in one school or district rather than to fund disparate projects in many classrooms, as was the case in prior years. The revised standard meant that projects covered fewer participants, but gave greater focus to quality and program intensity.

² High quality" is a composite measure which includes the following factors: "Percent of organizations that 'frequently' or 'always' have at least 6 of the 9 of the following characteristics of a high-quality service learning program: activities of a significant duration; clear and specific learning objectives; connections between service and learning; connection of curriculum; explicit relationship between service and civic participation, responsibility, skills, and concepts; formal reflection; leadership roles for participants; strong community partnerships; and emphasis on both learning and service."

³ In the future, the Corporation hopes to collect data for this indicator for both minority and underrepresented participants.

⁴ Percentage of participants with disabilities is based on a reported number of participants with disabilities divided by total participants.

⁵ In this past year, we clarified the phrase "formal policy" used in the FY 2003 Performance and Accountability Report, breaking it down into more specific policy questions. The language for the question varied for the different institution types, but the information gathered was meant to be comparable across types. The specific survey questions were: (1) Higher Education: Service-learning is part of the official core curriculum in at least one discipline or major at the institution, (2) K-12 Schools: Service-learning is part of the board approved course curriculum in at least one subject in at least one grade in the school/district, and (3) CBO: Service-learning is part of the activities for youth in at least one program or department in the organization. Since the 2004 survey question is a more limited version of the earlier question, we believe the trend data are more or less comparable for purposes of assessing performance.

⁶ For this question, "institution-wide" included the following response categories: K-12 school-based – school-wide; K-12 district-based – involving all the schools in the district; higher education – entire institution; CBO – integrated into all activities at the Agency. Responses by category were K-12 = 33.1%, Higher Ed = 28.3%, and Community-Based = 9.3%.

⁷ Data not available at the time of report submittal; these data will be included in the Corporation's FY 2004 Performance and Accountability Report.

⁸ The FY 2004 figure for partnering with faith-based organizations may not be directly comparable to the FY 2001-2003 data. For data collected in those prior years, organizations were asked whether they "collaborate" with faith-based organizations. In FY 2004, organizations were asked whether they "partner" with faith-based organizations. "Partner" was operationally defined as organizations that were formally involved in managing and/or planning LSA supported service-learning activities during the past year. Learn and Serve America school-based funds, which account for nearly 65 percent of all LSA funding, must be provided to local education agencies that serve as the fiscal agent for LSA funds. The balance of LSA funds are available to colleges or nonprofit organizations.

Performance Indicators That Are Being Discontinued

Learn and Serve—Discontinued Performance Measures and Explanations

Performance Measure	Explanation
Number of K-12 teachers who participated in civics, history, and service activities supported by Learn and Serve America in a school year.	The Corporation dropped this indicator in favor of more robust measures of service learning. Data for those measures are now being collected in the 2004 LSA Program and Performance Measurement Report. The survey asks a range of questions concerning the impact and institutionalization of service-learning across targeted organizations. The performance measurement table above contains some of the measures.
Number of college faculty members involved with courses covering civics, history, and service at participating higher education institutions.	The Corporation dropped this indicator in favor of more robust measures of service learning. Data for those measures are now being collected in the 2004 LSA Program and Performance Measurement Report. The survey asks a range of questions concerning the impact and institutionalization of service-learning across targeted organizations. The performance measurement table above contains some of the measures.
Number of courses that contain civics, history and service in participating higher education institutions.	The Corporation dropped this indicator in favor of more robust measures of service learning. Data for those measures are now being collected in the 2004 LSA Program and Performance Measurement Report. The survey asks a range of questions concerning the impact and institutionalization of service-learning across targeted organizations. The performance measurement table above contains some of the measures.
Number of participating K-12 schools increasing their number of civics, history, and service courses.	The Corporation dropped this indicator in favor of more robust measures of service learning. Data for those measures are now being collected in the 2004 LSA Program and Performance Measurement Report. The survey asks a range of questions concerning the impact and institutionalization of service-learning across targeted organizations. The performance measurement table above contains some of the measures.
Percent of participating higher education institutions that increase student service placement in their Federal Work-Study budget.	The Corporation dropped this indicator in favor of more robust measures of service learning. Data for those measures are now being collected in Learn and Serve's annual survey. The survey asks a range of questions concerning the impact and institutionalization of service-learning across targeted organizations. The performance measurement table above contains some of the measures.
Number of volunteer hours generated in a program year.	The Corporation no longer uses this indicator for Learn and Serve, since the term 'volunteer' means little in the Learn and Serve context. The Corporation is now tracking number of participants and participants that serve a minimum of 20 hours. Both of these indicators are reported above.
Develop measures of civic knowledge and civic engagement.	This item was not actually an indicator, but a placeholder for addressing future data needs. Many such indicators now have been developed and are part of Learn and Serve's annual survey.

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Harvey McAdams, seated on the left, and his daughter Maria Carey, center, are pioneers in Navarro County's new Foster Grandparent program. On the right is daycare employee Tracy Owen, holding one of the children at Life's Little Ones Child-care Center, the first facility in Corsicana to host senior volunteers. *Daily Sun photo—Ashley Dowd, Corsicana Daily Sun (TX), July 22, 2004.*



Senior Corps

Overview

The Senior Corps programs – the Retired and Senior Volunteer Program (RSVP), Foster Grandparent Program (FGP), and Senior Companion Program (SCP) – enable volunteers age 55 and over to address needs in their communities and benefit from a positive and rich volunteer experience. Each program has distinct characteristics and holds a niche in the volunteer delivery systems in communities nationwide through more than 1,300 community-based organizations that serve as grantees.

In FY 2004, 536,224 Senior Corps volunteers served in their local communities through a network of RSVP, Foster Grandparent, and Senior Companion projects funded by the Corporation and other sources nationwide. Together, these participants contributed more than 119.9¹ million hours of service, compared to 118 million hours the previous year. This includes:

- RSVP: 78.1 million hours of service
- FGP: 27.9 million hours of service
- SCP: 13.9 million hours of service

Despite a slight decrease in volunteers from FY 2003, the number of projects has increased. In 2004, 1,318 received grants (from all sources) compared to 1,326 in FY 2003. This includes:

- RSVP—757
- FGP—337
- SCP—224

Volunteers Serving

Program	FY 2001	FY 2002	FY 2003	FY 2004
RSVP	480,000	480,000	468,600	459,271
Foster Grandparent Program	26,100	N/A	32,500	31,725
Senior Companion Program	N/A	N/A	16,500	16,355
Special Volunteer Program Homeland Security Volunteers	N/A	N/A	36,800	28,873
Total Senior Corps Volunteers	506,100	480,000	554,400	536,224

Source: The Corporation's Grants Tracking Database

Retired and Senior Volunteer Program

About the Program

For more than 30 years, RSVP volunteers have provided numerous types of volunteer support to nonprofit organizations in their communities. Building on the original purpose of the program—enhance the quality of life for older volunteers—RSVP adopted a dual mission in 1998 to focus volunteer resources on meeting needs identified by communities and to deliver a high quality volunteer experience.

RSVP offers the most flexibility of service among the Senior Corps programs. Volunteers choose how, where, and how often they want to serve, and commitments range from a few hours a week to 40 hours per week, depending on the volunteers' interests and the agency's needs. Volunteers are eligible to receive reimbursement for mileage service and insurance coverage while on assignment but do not receive monetary incentives or stipends.

Volunteers serve in a variety of issue areas, with the most individuals focusing on health and nutrition. A breakdown of issue areas is provided below.

RSVP Volunteer Breakdown by Issue Area²

Issue Area	Percent of Volunteers
Health and Nutrition	51%
Human Needs	46%
Community and Economic Development	36%
Education	27%
Housing	13%
Environment	13%
Disaster	11%
Homeland Security	9%
Public Safety	6%

Source: Westat, 2004 Senior Corps Accomplishment Survey Findings

Program Performance

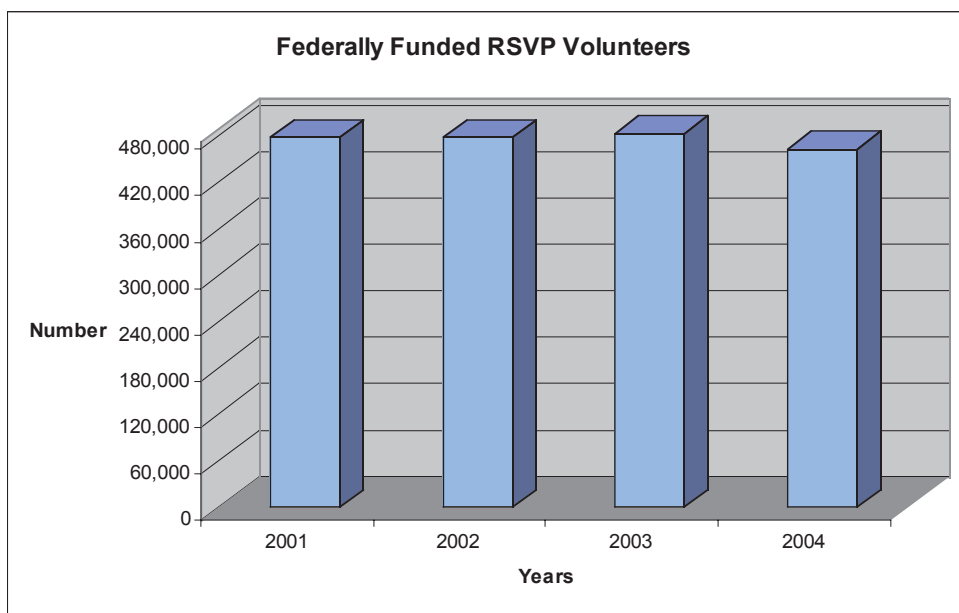
Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs

The corporation awards grants to eligible organizations to carry

out RSVP projects. RSVP volunteers are recruited and placed in more than 65,000 non-profit organizations or “volunteer stations.” RSVP strengthens service delivery of volunteer stations; enhances the ability of stations to recruit and manage non-RSVP volunteers; and increases the ability of organizations to deliver priority services, including homeland security and child mentoring services to end beneficiaries. The Corporation awarded 759 grants to RSVP projects in 2004. In addition, 76 percent of volunteer station supervisors indicated that volunteers assist significantly with recruitment of community volunteers.

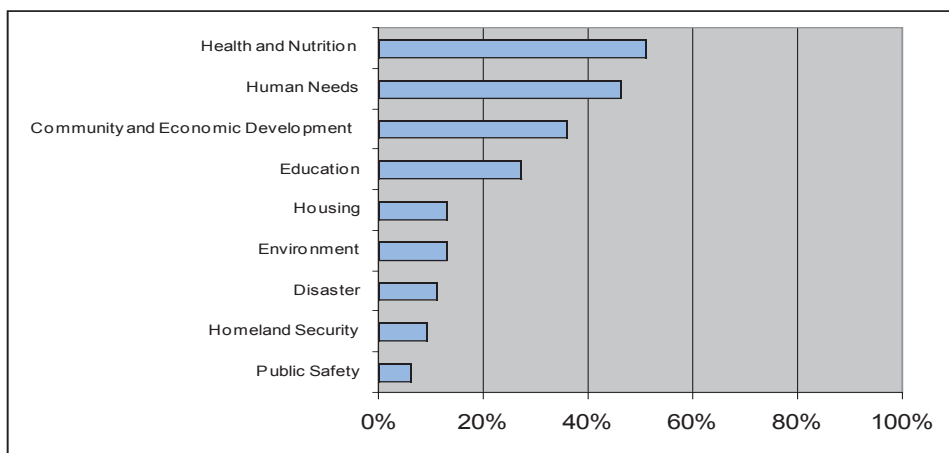
In 2004, 459,271 individuals participated in the RSVP program,³ and 757 projects received grants from all sources. The number of RSVP volunteers who served in 2004 was down from the 468,600 who actually served in 2003. We believe that the shift to outcome-based placements is resulting in a fewer, but more intensive, volunteers.



Major program activities included managing the grant award process, monitoring and assisting with eGrants data integrity and accuracy for data on awards and management, producing and disseminating the 2006 National RSVP Accomplishment Report, and conducting a survey of end beneficiaries.

Major program activities included managing the

Percentage of Volunteers Working in each Major Service Activity Area



Source: Westat, 2004 Senior Corps Accomplishment Survey Findings

Strategy 1.2: Improve program quality, reach, and sustainability

The Corporation continues to improve the quality, reach, and sustainability of RSVP grants through outreach, training and technical assistance initiatives. In 2004, an impressive 73 percent of volunteer station supervisors report-

ed that RSVP volunteers helped them increase the quality of services they offer:

- RSVP volunteers helped to a great extent: 40 percent; and
- RSVP volunteers helped to a moderate extent: 33 percent.

As high-quality performance of grantees is critical to program success, the Corporation invests in training and technical assistance (TTA) to RSVP grantees. Emphasis is placed on programmatic, management and topical areas to help grantees strengthen their projects, become more proficient volunteer managers, and increase compliance. The number of RSVP volunteers serving in outcome-based assignments has been increasing in the last few years, with more than 65 percent in 2004, compared to 57 percent in 2001.⁴

In July 2003, RSVP volunteers were required to self-select performance measures documented in their grant applications, to which they would be held accountable. The Corporation will collect data on grantees that meet target levels for their 2004 end outcome performance measures.

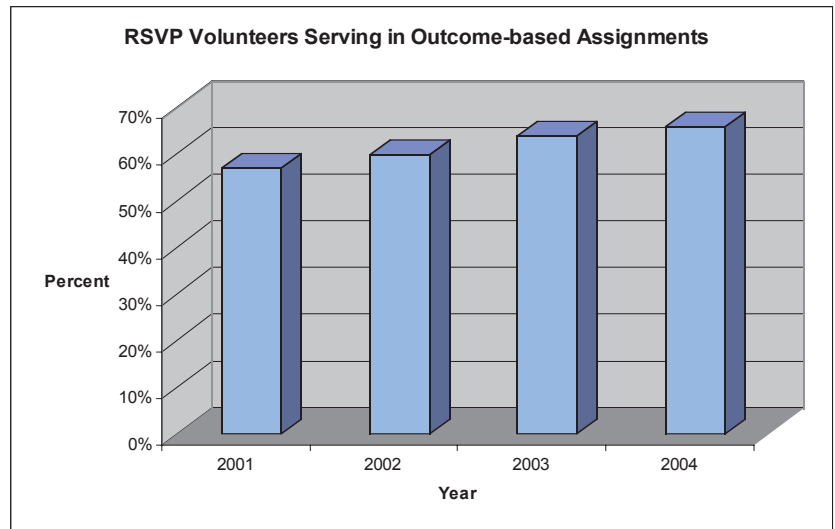
Goal 2: Improve the lives of national service programs
Strategy 2.1: Increase diversity of participants within and among service programs

The Corporation is preparing to enable the RSVP program to expand diversity of volunteers. Through the inclusion of diversity and a baby boomer-focus in activities, the RSVP program expects an increase in baby boomers and men. The Corporation intends to collect information in the future to monitor diversity of participants.

Strategy 2.2: Expand educational, economic and other opportunities for service participants

The RSVP program facilitates life-long learning and decreased isolation for volunteers. In 2004, more than 80 percent said that involvement led to decreased isolation. A majority of volunteers also said that involvement with the program led to enhanced personal growth, including:

- More meaning to their lives—91 percent;

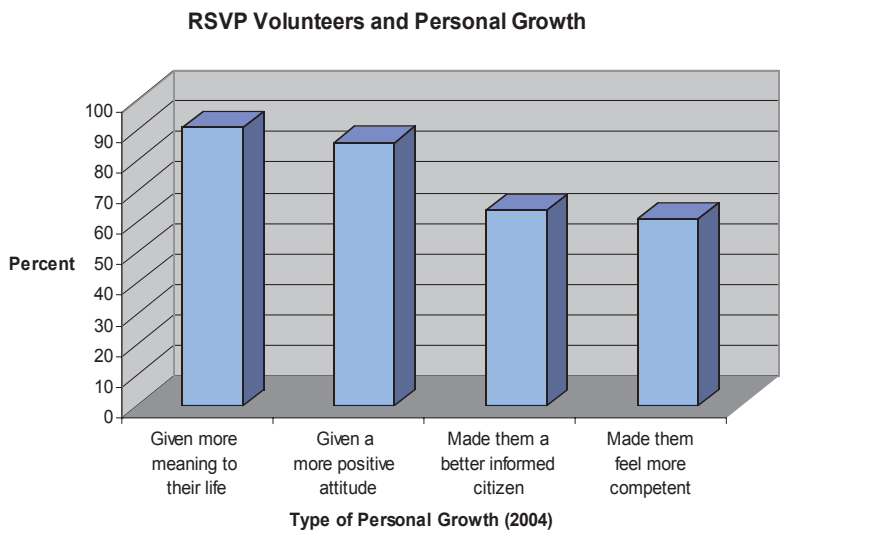


- A more positive attitude—86 percent;
- A better informed citizen—64 percent; and
- Increased feeling of competency—61 percent.

In addition, 31 percent of surveyed RSVP volunteers indicated that involvement with the program has led to new skills and knowledge.

Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America
Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively

Going forward, the RSVP program is focusing on RSVP



volunteer diversity and is increasing the recruitment efficiency for volunteer stations. The Corporation expects an increase in the number of community volunteers that station supervisors will be able to attract and place (as reported by the supervisors) by streamlining the station volunteer recruitment processes.

In 2004, 17,146 RSVP volunteers were dedicated to leveraging other volunteers. These individuals are given the assignment of recruiting volunteers from the community. The number falls well short of the Corporation's 50,000 FY 2004 goal.⁵ Through these RSVP volunteers, however, 27,394 new community volunteers were recruited.

Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations

The Corporation aims to fund activities aimed at faith and other community-based organizations. Activities include language about working with faith-based and other community-based organizations, providing opportunities for grantees to attend broader faith-based and community conferences and events, developing and implementing a survey of faith-based and community organizations.

Evaluation Findings and Plan

In 2004, the Corporation conducted a series of surveys to capture outputs and outcomes attributable to the volunteers. These surveys:

- Provided an updated “National Accomplishment Report” quantifying RSVP volunteers and their service in more than 50 different service categories, including mentoring, disaster preparedness, adult literacy, home building, and public safety; and,
- Compiled and reported on outcomes realized by the community and by the volunteers themselves.

The 2004 Surveys provided baseline data that will allow the Corporation to assess Senior Corps program outcomes on an ongoing basis. The results will help grantees identify successful management practices, while also reducing the overall reporting burden on the organizations, agencies, and individuals affiliated with the three Senior Corps programs. There is no other data collection activity that gathers this information in such a way that the Corporation can summarize and report valid and comprehensive “impact” data to grantees, OMB, Congress, and its other stakeholders.

¹ Data from National Overview (PPVA), estimate as of January 2004, based on 2003 actuals, which will be updated in the 2005 report.

² The total exceeds 100 percent because volunteers often worked in more than one service category area.

³ The 2003 number is from the national RSVP overview from PPVA 2003 self-reported by grantees in “eGrants.” The 2004 number is estimated as same, based on federal funding in 2004.

⁴ Outcome-based assignments engage volunteers in activities that will contribute to meeting a community need as identified by key stakeholders in the community. The results of the service must be measurable and there must be a system in place for reporting the information.

⁵ The source used in 2003 was the last set of Accomplishment Surveys that were completed by Aguirre in 2002. This could be a result of: a) data reporting errors by RSVP grantees when completing their PPVA; or 2) inaccurate starting point based on the 2002 surveys; or 3) combination of both.

Senior Corps Volunteers Fight Telemarketing Fraud

For five years, RSVP volunteers in Santa Monica have worked with the Federal Bureau of Investigation to prevent seniors from becoming victims of telemarketing fraud. Using phones donated by AT&T Wireless, volunteers with WISE Senior Services operate a “reverse boiler room” to victims of telemarketing fraud and give them tips about protecting themselves against future scams. According to FBI Supervisory Special Agent Dan Bolick, “Because of these RSVP volunteers, thousands of crimes are prevented every year. Conservative estimates indicate that we prevent a crime for at least one in every ten people who receive peer counseling. Roughly 13,000 crimes have been prevented at a savings of approximately \$12,000 per crime. This equates to approximately \$16,000,000 over the course of the last five years.”

RSVP Key Program Performance Measures

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation’s education, public safety, environmental, homeland security, and other human needs					
Percent of volunteer station supervisors who reported that RSVP volunteers assist significantly with recruitment of community volunteers to a “great” or “moderate” extent. <i>Source: 2004 Survey of Volunteer Station Supervisors*1</i>	N/A	N/A	N/A	Great Extent: 29% Moderate Extent: 47%	N/A
Number of individuals who served as RSVP volunteers. <i>Source: Grants Tracking Database**2</i>	480,000	480,000	468,600	459,271	489,200
Number of RSVP Projects receiving grants from all sources. <i>Source: Grants Tracking Database**</i>	766	763	759	757	753
Number of federally funded RSVP projects. <i>Source: Grants Tracking Database**</i>	753	753	752	759	N/A
Strategy 1.2: Improve program quality, reach, and sustainability					
Percent of volunteer station supervisors who reported that RSVP volunteers helped them increase the quality of services they offer to a “great” or “moderate” extent. <i>Source: 2004 Survey of Volunteer Station Supervisors*3</i>	N/A	N/A	N/A	Great Extent: 40% Moderate Extent: 33%	N/A
Number of RSVP volunteers serving in outcome-based assignments. <i>Source: eGrants, State Offices*4</i>	57%	60%	64%	62%	N/A
Strategy 2.1 Increase diversity of participants within and among service programs					
Measures under development					
Strategy 2.2: Expand educational, economic, and other opportunities for service participants					
Percent of RSVP volunteers who “strongly agreed (SA)” or “agreed (A)” that involvement with the program led to enhanced personal growth, including a) given more meaning to my life; b) given me a more positive attitude; c) made me a better informed citizen; d) made me feel competent.*5	N/A	N/A	N/A	a)SA: 34%, A:61% b)SA: 33% A: 63% c)SA: 38%, A: 55% d) SA: 40% A: 51%	N/A

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(cont'd)	Actuals				Goal
	Performance Measure	FY 2001	FY 2002	FY 2003	FY 2004
Percent of RSVP volunteers who "strongly agreed (SA): or agreed (A)" that involvement with the program led decreased isolation in a) Made me feel closer to my community and b) Helped me make more friends or close acquaintances. <i>Source: 2004 Survey of Senior Corps Volunteers *</i>	N/A	N/A	N/A	a) SA: 39%, A: 59% b)SA: 37% A: 61%	N/A
Percentage of volunteers who report that their service activity fits their experience, abilities, and skills well.*	N/A	N/A	N/A	Info will be available in FY 2005 report	N/A
Percentage of volunteers who would recommend service with RSVP.*	N/A	N/A	N/A	Info will be available in FY 2005 report	N/A
Percent of RSVP volunteers indicating that involvement with the program led to new skills and knowledge. <i>Source: 2004 Survey of Senior Corps Volunteers *</i>	N/A	N/A	N/A	32%	N/A
Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively					
Number of RSVP volunteers dedicated to leveraging volunteers. <i>Source: eGrants *</i>	N/A	N/A	45,000	17,146	50,000
Number of new volunteers recruited by RSVP volunteers (not necessarily recruits for RSVP projects) *	N/A	N/A	N/A	27,394	N/A
Strategy 3.4: Increase service programs and participants in faith-based and small community-based organizations					
Number of grantees that are faith-based organizations*	N/A	N/A	N/A	75	
Number of grantees that are community-based (secular, non-profit) organizations*	N/A	N/A	N/A	491	

* The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

** The Corporation presented this measure in the PAR of FY 2003.

¹ Responses could include: True to a great extent, True to a moderate extent, Not true, Not applicable, or Don't know.

² The 2003 number is from the national RSVP overview from PPVA 2003 self-reported by grantees in "eGrants." The 2004 number estimated as same, based on federal funding in 2004. The number listed in the FY 2003 PAR is budgeted RSVP volunteers; not actually serving.

³ Responses could include: True to a great extent, True to a moderate extent, Not true, Not applicable, or Don't know.

⁴ Outcome-based assignments engage volunteers in activities that will contribute to meeting a community need as identified by key stakeholders in the community. The results of the service must be measurable and there must be a system in place for reporting the information. Not used as an official GPRA indicator after FY03; replaced with more direct measurements of performance.

⁵ The question asked: "For each of the following, do you strongly agree, agree, disagree, or strongly disagree? (check one box for each row). Volunteering through RSVP has: given more meaning to my life (a); given me a more positive attitude (b); made me a better informed citizen (g); made me feel competent (i). Responses: a) Strongly agree: 33 %; Agree: 58 %; b) Strongly agree: 29 %; Agree: 57 %; g) Strongly agree: 27 %; Agree: 37 %; i) Strongly agree: 27 %; Agree: 34 %

Foster Grandparents Work with Incarcerated Youth

Eight Foster Grandparents in two teams of four mentor youth incarcerated at Juvenile Hall in Imperial County, California's poorest county. After being sent to Juvenile Hall for a variety of reasons, including committing burglary and assault, the youth receive four hours per week of mentoring and tutoring services. Many of those served have at least one parent in prison; in fact, 79 percent of the incarcerated youth participating in a recent survey have parents who have spent time in jail. The Foster Grandparents undergo a 40-hour training session to prepare them for their mentoring duties. In addition, all have taken a four-week pre-employment and work-training class so that they can help the youth fill out job applications and prepare for interviews. The program focuses on young people who have high rates of recidivism in an attempt to break the cycle of incarceration that spans generations. One young man had a brother in Juvenile Hall, while his father, uncle, and grandfather were all imprisoned. Sharin Yetman, who established the program through Catholic Charities of the Diocese of San Diego, was inspired by President Bush's message in his 2002 State of the Union address that children of prisoners need mentors to help them avoid prison themselves. Youth are often sent to Juvenile Hall as a result of truancy. Yetman found that poor academic skills make them more likely to be truant and included a book club in the program to improve reading skills. Many of the youth enter the program reading at a third- or fourth-grade level. Participants in the year-old program are less likely to commit serious crimes.

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Foster Grandparent Program

About the Program

Since 1965, Foster Grandparents have provided aid, support and service to children and youth with exceptional needs in a variety of settings including schools, hospitals, drug treatment centers, correctional institutions, and Head Start and child care centers. They mentor children and troubled teenagers, model parenting skills to adolescent mothers, and care for premature infants and children with disabilities. In many cases, Foster Grandparents maintain an ongoing relationship with specific children for a year or longer. In other cases, such as that of Foster Grandparents assigned to a hospital pediatric ward where they help to comfort young patients, they serve a higher number of children for shorter durations of time.

Foster Grandparents serve schedules ranging from 15 to 40 hours per week, during which they provide one-on-one service to children and youth. Foster Grandparents must be age 60 or over and must meet certain income eligibility guidelines to receive the monetary stipend of \$2.65 per hour. They also receive accident, liability, and automobile insurance coverage, if needed, during their assignments.

One measure of the Foster Grandparent Program's (FGP's) importance to a community is the amount of non-Corporation resources it generates. In 2004, FGP matched every federal dollar with a non-federal source of 34 percent:

- Corporation funding: \$107.7 million;
- Non-corporation funding: \$36.7 million; and
- Foster Grandparents serve in several issue areas, with the most (84 percent) focusing on education.

Foster Grandparents Volunteer Breakdown by Issue Area¹

Issue Area	Percent of Volunteers
Education	84%
Health and Nutrition	11%
Human Needs	8%
Public Safety	2%
Disaster	1%
Homeland Security	0%

Source Westat, 2004 Senior Corps Accomplishment Survey Findings

Program Performance

Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs

FGP aims, through its grantees and volunteers, to address human needs throughout the nation. Each year, more than 31,000 Foster Grandparents serve through a network of 337 local projects nationwide funded with Corporation and non-Corporation funds.² These grantees in turn work with more than 10,000 community organizations, both faith-based and secular, that supervise the Foster Grandparents during their service. In 2004, there was a slight reduction from the previous year – from 32,500 to 31,725 – primarily due to closures of non-Corporation funded projects due to state budget cuts. These closures did affect the numbers of volunteers and VSYS.

The Corporation also funded 337 FGP projects in 2004, compared to 329 in 2001. Again, this was due primarily to closures of non-Corporation funded projects due to state budget cuts, particularly in California. In addition, 24,328 federally-funded FGP service years were budgeted in 2004, a decrease of more than 100 from the previous year. Also in 2004, the Foster Grandparents served more than 263,000 children with special and exceptional needs.

In 2004, 97 percent of volunteer station supervisors reported that Foster Grandparents helped them increase the quality of services they offer.

Looking forward, FGP aims to increase positive benefits for more involvement of children of prisoners and children in foster care.

Strategy 1.2: Improve program quality, reach, and sustainability

The Corporation's success depends largely on the performance of its grantees, which is why we support grantees with training and technical assistance (T&TA), including topics such as volunteer management, performance measures, high quality placements for volunteers, and a whole range of programmatic areas that support the issues of the corporation.

The Corporation is putting an increased focus on end outcome performance measures, increased sophistication in use of technology to perform their project management functions, compliance monitoring visits, and corrections put in place following compliance monitoring visits. Part of this effort will include a focus on grantees that meet target levels for their 2004 end outcome per-

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The Foster Grandparents help their charges reconnect with their families or encourage them to remain in foster placements when released from Juvenile Hall. One young man is now attending junior college and credits the Foster Grandparents with making that possible. The Foster Grandparents receive plenty of peer support from one another each week, in addition to attending regular meetings with the Catholic Charities staff to work out problems that may come up. The program also has a strong commitment from the Imperial County Probation Department. *Source: National Service News 208*

formance measures.

Strategy 1.3: Diversify the National and Community Service infrastructure

Expanding the diversity of FGP grantee organizations is a priority for the Corporation. We seek to increase the diversity of the overall FGP grantee profile by attracting new sponsor organization types that are beyond the traditional Foster Grandparent Program sponsors. The Corporation intends to collect information in the future to monitor progress of infrastructure diversification.

Goal 2: Improve the lives of national service participants

Strategy 2.2: Expand education, economic and other opportunities for service participants.

As with other Senior Corps programs, FGP helps senior volunteers remain independent, enhances their quality of life, and emphasizes lifelong learning. In 2004, volunteers overwhelmingly agreed that the program led to decreased isolation by making them feel closer to their community (71 percent) and helping

them to make more friends or close acquaintances (90 percent). More than 90 percent agreed that their volunteer assignments were satisfying because they provided opportunities to make direct positive changes in the lives of the children and youth they serve.

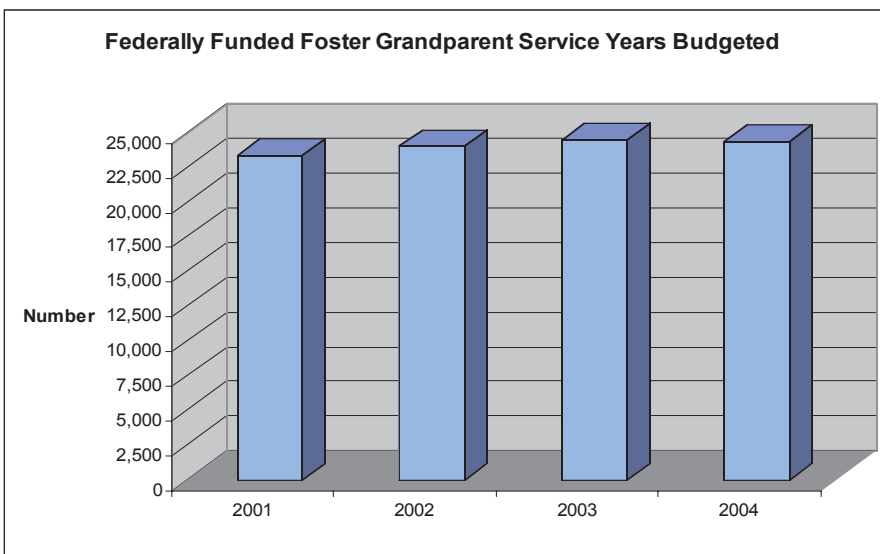
Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations

In FY 2004, 41 Foster Grandparent sponsors were faith-based organizations, compared to 39 faith-based sponsors in FY 2003 and represents 12.2 percent of the 337 total FGP projects.

Evaluation Findings and Plan

In 2004, the Corporation launched a series of surveys to capture outputs and outcomes attributable to the volunteers. These sur-



veys and the final products, administered by the research contractor Westat:

- Provided an updated “National Accomplishment Report” quantifying Foster Grandparents and their service to children and youth; and,
- Compiled and report on outcomes realized by the children, community and by the volunteers themselves.

¹ The total exceeds 100 percent because volunteers often worked in more than one service category area.

² The 2003 number is from the national overview from PPVA 2003. The 2004 estimate is based on the reduction of non-Corporation funded projects in 2004.

FGP Key Program Performance Measures

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation’s education, public safety, environmental, homeland security, and other human needs					
Percent of children mentored by Foster Grandparents demonstrating increases in prosocial behavior. How have the relationships with the FGs affected the children's a) behavior with other children? b) relationships with family members in general? c) respect towards others? d)academic performance in school? e) self-image? (FY04 Figures note Significant Positive Contribution and Somewhat Positive Contribution Percentages) <i>Source: 2004 Service Recipients Survey</i> * ¹	N/A	N/A	N/A	a) 58%, 40% b) 33%, 59% c) 67%, 33% d) 62%, 35% e) 63%, 36%	N/A
Percent of volunteer station supervisors who reported that Foster Grandparents helped them increase the quality of services they offer to a "great" extent. <i>Source: 2004 Survey of Volunteer Station Supervisors</i> * ²	N/A	N/A	N/A	66%	N/A
Number of volunteers enrolled. <i>Source: 1) Grants Tracking Database; 2) Project Profile and Volunteer Activity Survey; 3) eGrants</i> * ³	26,100	N/A	32,500	31,725	34,000
Number of federally funded Foster Grandparent projects. <i>Source: Grants Tracking Database</i> **	321	323	329	329	N/A
Number of FGP Projects receiving grants from all sources. <i>Source: 1) Grants Tracking Database; 2) eGrants</i> *	339	340	340	337	340
Number of federally funded Foster Grandparent service years budgeted. <i>Source: Grants Tracking Database</i> **	23,300	23,968	24,328	24,328	N/A
Number of children with special and exceptional needs served annually by Foster Grandparents. <i>Source: Project Profile and Volunteer Survey (PPVA)</i>	275,000	275,000	263,600	263,600	N/A

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(cont'd) Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.2: Improve program quality, reach, and sustainability					
Percentage of grantees who met target levels for their 2004 end outcome performance measures, as listed in the grant application work plan. <i>Source: eGrants</i> *4	N/A	N/A	N/A	Info will be available in FY 2005 report	N/A
Strategy 2.2: Expand educational, economic, and other opportunities for service participants					
Percent of FGP volunteers who "strongly agreed" or "agreed" that involvement with the program led to decreased isolation: a) made me feel closer to my community; b) helped me make more friends or close acquaintances. <i>Source: 2004 Survey of Senior Corps Volunteers</i> *5	N/A	N/A	N/A	a) Strongly Agree:56%, Agree:36% b) Strongly Agree:64%, Agree:33%	N/A
Percent of Foster Grandparents who "agreed" or "strongly agreed" that their volunteer assignments were satisfying because they provided opportunities to make direct positive changes in the lives of children and youth they served. <i>Source: 2004 Survey of Senior Corps Volunteers</i> *6	N/A	N/A	N/A	Strongly Agree:68%, Agree:24%	N/A
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations					
Number of grantees that are faith-based organizations*	N/A	N/A	N/A	41	
Number of grantees that are community-based (secular, non-profit) organizations*	N/A	N/A	N/A	230	

* The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

** The Corporation presented this measure in the PAR of FY 2003.

¹ Responses included: A significant positive contribution; A somewhat positive contribution; Has had no effect; Has had negative effect; or Does not apply.

² The question asked: "Please describe the extent to which Foster Grandparents provide the following benefits to your organization. (Check one choice for each statement) Foster Grandparents help improve the quality of services provided: (True to a great extent, True to a moderate extent, Not true, not applicable; Don't know) Responses: Great extent: 66 %; Moderate extent: 31 %

³ The 2003 number is from the national overview from PPVA 2003. The 2004 estimate is based on the reduction of non-Corporation funded projects in 2004.

⁴ Data to be available quarterly, about one quarter after receipt of PPR, starting in 2005. Performance measures were first implemented for Senior Corps in July 2003; there was a perception of not enough time for grantees to reach end-outcomes.

⁵ The question asked, "For each of the following, do you strongly agree, agree, disagree, or strongly disagree? (Check one box for each row) Volunteering through the Foster Grandparent Program has: d) Made me feel closer to my community; c) Helped me make more friends or close acquaintances. Responses: d) Strongly agree: 43 %; Agree: 28 %; c) Strongly agree: 52 %; Agree: 38 %

⁶ The question asked, For each of the following, do you strongly agree, agree, disagree, or strongly disagree? (Check one box for each row) Volunteering through the Foster Grandparent Program has: Given me a chance contribute to others (f). Responses: Strongly agree: 68 %; Agree: 24 %

Senior Companion Program

About the Program

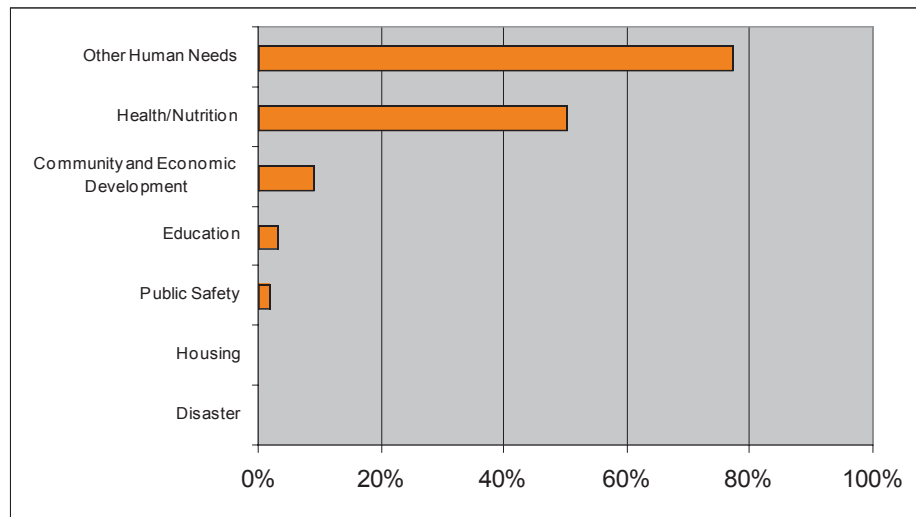
The Senior Companion Program, like the Foster Grandparent Program, provides persons age 60 and over with the opportunity to serve. Senior Companions assist frail, homebound individuals, most of them elderly, with daily living tasks such as bill paying, buying groceries, and finding transportation to medical appointments, helping them retain their dignity and independence. They also provide companionship and support to their clients, many of whom are isolated and living alone. While some Senior Companions serve in community settings such as adult day care or respite centers, the majority of Senior Companions serve directly in the private homes of their clients, where their care provides respite for clients' caregivers. Senior Companions also serve as "eyes and ears" for case managers, identifying potential problems or services needed for their 57,500 mostly frail and elderly adults.

Senior Companions serve weekly schedules ranging from 15 to 40 hours per week and receive ongoing training in topics such as Alzheimer's disease, stroke, diabetes, and mental health. Companions who meet income guidelines are eligible to receive an hourly stipend of \$2.65.

In FY 2004, we estimate that 16,355 Senior Companions spent 13.9 million hours volunteering, for an average of 850 hours per volunteer. The figure below presents the distribution of volunteers who worked in each of the seven service activity areas: Health/Nutrition, Other Human Needs, Community and Economic Development, Public Safety, Housing, Education, and Disaster.

The largest percent of volunteers – in both the current and the prior Accomplishments Surveys – provided services in Human Needs and Health and Nutrition, followed by Community and Economic Development and Public Safety (the latter two with much lower percentages of volunteers).

Percentage of Senior Companion Volunteers Working in each Major Service Activity Area¹



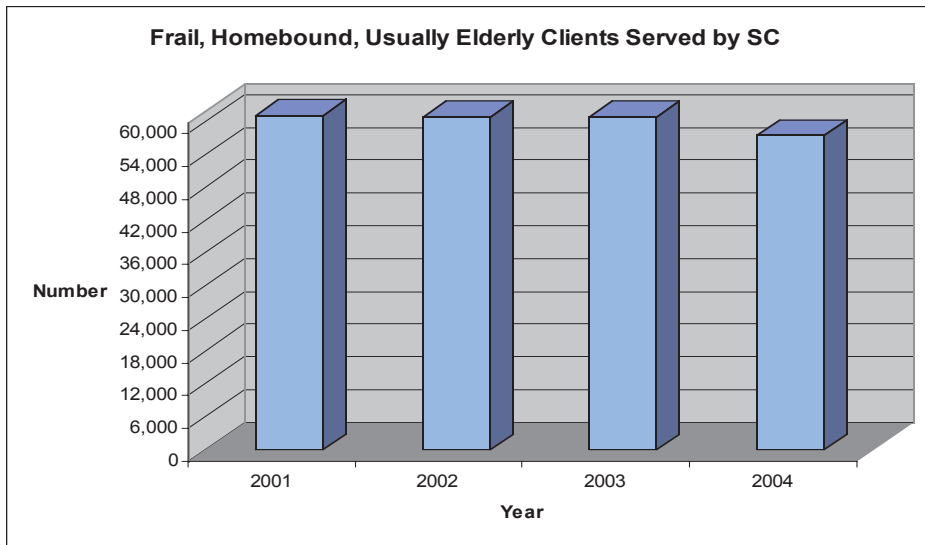
Source: Westat, 2004 Senior Corps Accomplishment Survey Findings

Program Performance

Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs

In 2004, 16,355 volunteers were enrolled in the program, which falls short of the 17,300 goal. As with the other programs, the shortfall likely is due to closure of non-Corporation funded projects (state funded), due to budget cuts at the state level. The Corporation funded 191 Senior Companion projects in 2004, compared to 178 in 2001. In addition, there was a total of 9,885 federally funded SCP service years budgeted in 2004 compared to 9,400 in 2001.



Source: Project Profile and Volunteer Activity Survey

SCP is focusing attention on meeting the needs of the adult clients in need of independent living services and respite for caregivers. However, the service is not seen by caregivers as offering a service not affordable if purchased at the market rate. For example, only 5.8 percent of sponsoring organization staff and 9.6 percent of family members said that SCP offered a service that they would not have been able to afford.

In 2004, the number of frail, homebound, usually elderly clients served by Senior Companions was approximately 57,700, a decrease of more than 3,000 from the previous year.

Strategy 1.2: Improve program quality, reach, and sustainability

The Corporation's success depends largely on the performance of its grantees, which is why we support grantees with training and technical assistance (T&TA). In 2004, 227 SCP projects received grants, slightly more than the FY 2004 goal of 223.

To improve program quality, reach, and sustainability, SCP aims to increase the number of grantees that meet their end outcome performance measures, demonstrate increased sophistication in

use of technology to perform their project management functions, completed work plan goals, compliance monitoring visits, and corrective action following monitoring visits. Part of this effort will include a focus on grantees who meet target levels for their 2004 end outcome performance measures.

In 2004, 98 percent of volunteer station supervisors reported that Senior Companions helped them increase the quality of services they offer.²

Strategy 1.3: Diversify the National and Community Service infrastructure

We seek to increase the diversity of the overall SCP grantee profile by attracting 20 percent of new sponsors who are more diverse. The Corporation intends to collect information in the future to monitor progress of infrastructure diversification.

Goal 2: Improve the lives of national service participants

Strategy 2.2: Expand education, economic and other opportunities for service participants

As with other Senior Corps programs, SCP helps senior volunteers remain independent, enhances their quality of life, and emphasizes lifelong learning. By surveying SCP volunteers, we help ensure that Corporation programs are providing these opportunities.

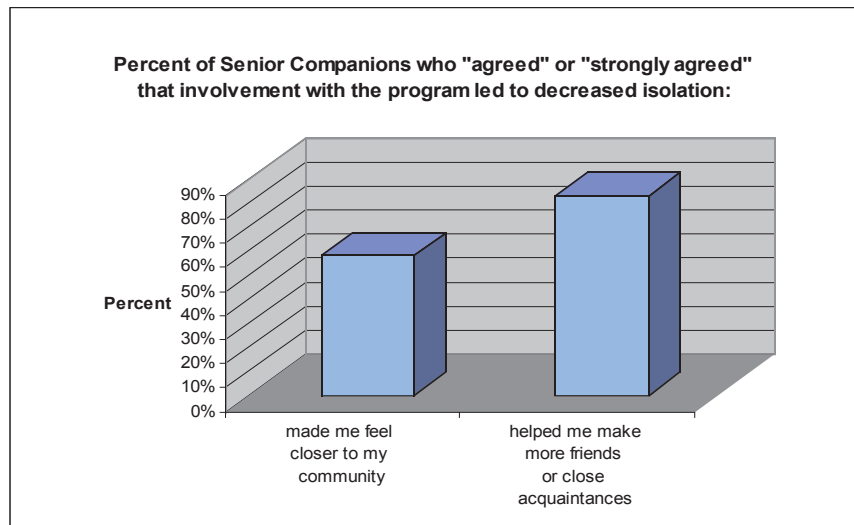
In 2004, a majority of Senior Companions said they strongly agreed that involvement with the program led to decreased isolation, including feeling closer to their community (53 percent) and helping them to make more friends or close acquaintances (72 percent). Eighty-five percent also agreed that their assignments were satisfying because they provided opportunities to make direct positive changes in the lives of the clients they served.

Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations

The Corporation strives to increase SCP's role with faith-based and other community-based organizations. In addition, we expect to increase the number of communities where SCP volunteers are available through faith-based and other community-based organi-

Senior Companions and Decreased Isolation



Senior Corps Engages Nursing Home Residents as Volunteers

Residents of nursing homes and assisted living facilities in Monroe County, New York, have limited options for going out to volunteer within the community. So the volunteering comes to them. At six facilities in and around Rochester, about 75 volunteers gather once a week or so participate in activities that benefit local nonprofit organizations, but that can be done in the setting where the volunteers live. Social workers and activity directors at the facilities contact nonprofits to see what is needed, then help residents provide the requested services. The volunteers bake cookies that will be served at cancer survivors support group meetings and create greeting cards that will be donated to nonprofit to be used in fundraising. They also have held bake sales to benefit a local hospice. At one site, the volunteers have made more than 1,000 teddy bears that are given to children who are being treated in emergency rooms and chemo dolls for young cancer patients. The hair on the chemo dolls is held on with Velcro so that the owner can remove it as the patient's hair falls out during treatment. People who live in nursing homes and assisted living facilities want to stay involved in their communities, but often find that difficult to achieve. Senior Reach allows them to maintain contact with their communities while providing opportunities for socializing among the participants. *Source: National Service News 205*

zations. Sixteen percent of the volunteer stations were identified as faith-based in 2004.³

Evaluation Findings and Plan

The 2004 Senior Companions Evaluation examined the impact of the Senior Companion Program on clients, families and caregivers served by the program. The study compared quality of life and quality of care outcomes for clients receiving services from 50 randomly selected Senior Companions projects to outcomes for a comparison group of seniors on the waiting list for Senior Companions.

The evaluation findings suggest Senior Companions provide significant benefits to the organizations they work with. SCP showed a decrease in depression and increased life satisfaction for clients and families served. Clients' self-reported life satisfaction, with respect to depression, showed an 18 percent improvement compared to the comparison group. Effects on family members and other caretakers of the elderly were limited. The ability to cope with the responsibility of caring for a frail senior family member appear to be greater for Senior Companion client family members than for comparison group family members, however, the difference becomes negligible in the long-term. In addition, organizations reported high levels of satisfaction with their Senior Companions, although technical competence among some of the Senior Companions was lacking in certain areas.

¹ The total exceeds 100 percent because volunteers often worked in more than one service category area.

² The question asked: "Please describe the extent to which Senior Companions provide the following benefits to your organization. (Check one choice for each statement) Senior Companions help improve the quality of services provided: (True to a great extent, True to a moderate extent, Not true, Not applicable, Don't know)." Responses: Great extent: 68 %; Moderate extent: 30 %

³ In order to analyze the role of faith-based organizations in senior volunteer programs, station supervisors were asked to identify whether or not their organization was faith-based.

SCP Key Program Performance Measures

Program Performance

National Senior Service Corps

Performance Measure	Actuals				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs					
Percent of volunteer station supervisors who reported that Senior Companions helped them increase the quality of services they offer. Source: 2004 Survey of Volunteer Station Supervisors *	N/A	N/A	N/A	N/A	N/A
Number of volunteers enrolled. Source: 1) Grants Tracking Database; 2) Project Profile and Volunteer Activity Survey; 3) eGrants **22	N/A	N/A	16,500	16,355	17,300
Number of clients assisted categorized by special need of client. *	N/A	N/A	N/A	N/A	N/A
Percent of family members/ caregivers/ clients who report that the service provided by Senior Companions is helpful. *	N/A	N/A	N/A	N/A	N/A
Number of federally funded Senior Companion projects. Source: Grants Tracking Database **	178	188	191	191	N/A
Number of federally funded Senior Companion service years budgeted. Source: Financial Status Reports from Grantee **	9,400	9,666	9,885	9,885	N/A
Number of frail, homebound, usually elderly clients served annually by Senior Companions. Source: Project Profile and Volunteer Activity Survey **	61,300	61,000	61,000	57,700	N/A
Percent of Senior Companion clients demonstrating decreases in social isolation. Source: 2004 Service Recipients Survey *	N/A	N/A	N/A	Info will be available in FY 2005 report	N/A
Percent of caregivers of Senior Companion clients reporting that Senior Companions deliver a service not affordable if purchased at the market rate: a) from non-SCP volunteers; b) local SCP sponsoring organization staff; c) family members; d) organization or family would pay; e) would do without services; f) don't know; g) other ²³	N/A	N/A	N/A	a) 0% b) 5.8% c) 9.6% d) 1.9% e) 0% f) 50% g) 36.5 (mostly blank spaces)	N/A
Percent of volunteer station supervisors who reported that Senior Companions helped them increase the quality of services they offer to a "great" or "moderate" extent. Source: 2004 Survey of Volunteer Station Supervisors *24	N/A	N/A	N/A	Great Extent: 68% Moderate extent: 30%	N/A

(continued on next page)

(cont'd)	Actuals				Goal
	Performance Measure	FY 2001	FY 2002	FY 2003	FY 2004
Strategy 1.2: Improve program quality, reach, and sustainability					
Percentage of grantees who met target levels for their 2004 end outcome performance measures, as listed in the grant application work plan. Source: eGrants Grants Management Database *25	N/A	N/A	N/A	Info will be available in FY 2005 report	N/A
Number of SCP Projects receiving grants from all sources. Source: 1) Grants Tracking Database; 2) eGrants *	218	N/A	227	224	223
Strategy 1.3: Diversify the National and Community Service Infrastructure					
No data available					
Strategy 2.2: Expand educational, economic, and other opportunities for service participants					
Percent of Senior Companions who "agreed" or "strongly agreed" that involvement with the program led to decreased isolation: a) made me feel closer to my community; b) helped me make more friends or close acquaintances. Source: 2004 Survey of Senior Corps Volunteers *	N/A	N/A	N/A	a) Strongly Agree: 53%, Agree: 39% b) Strongly Agree: 72%, Agree: 26%	N/A
Percent of Senior Companions who "agreed" or "strongly agreed" that their volunteer assignments were satisfying because they provided opportunities to make direct positive changes in the lives of the clients they served. Source: 2004 Survey of Senior Corps Volunteers *	N/A	N/A	N/A	Strongly Agree: 83%, Agree: 17%	N/A
Strategy 3.4: Increase service programs and participants in faith-based and other community-based organizations					
Number of grantees that are faith-based organizations *	N/A	N/A	N/A	36	
Number of grantees that are community-based (secular, non-profit) organizations *	N/A	N/A	N/A	142	

* The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

** The Corporation presented this measure in the PAR FY 2003.

¹ The 2003 number is from the national overview from PPVA 2003 self-reported by grantees in "eGrants."

² The question asked, "If you did not receive these visits and services from [Name of Senior Companion], do you think you could find someone else to do these services without paying for them (Yes/ No/ Don't know)" Responses: No: 63 percent [for clients; 69 % for caregivers in similar question]

³ The question asked: "Please describe the extent to which Senior Companions provide the following benefits to your organization. (Check one choice for each statement) Senior Companions help improve the quality of services provided: (True to a great extent, True to a moderate extent, Not true, Not applicable, Don't know)." Responses: Great extent: 68 %; Moderate extent: 30%

⁴ Data to be available quarterly, about one quarter after receipt of PPR, starting in November 2005. Performance measures were first implemented for Senior Corps in July 2003; there was a perception of not enough time for grantees to reach end-outcomes.

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Special Volunteer Programs

About the Program

Special Volunteer Programs encourage and enable persons from all walks of life and all age groups to perform meaningful and constructive volunteer service in a variety of agencies, institutions, and situations. Special Volunteer Programs also provide technical and financial assistance to encourage voluntary organizations and volunteer efforts at the national, state, and local levels.

Homeland Security Grants

Special Volunteers in homeland security engage in a variety of activities to help ensure communities and citizens are better prepared to prevent, respond to, or provide relief during emergencies, both natural and manmade.

Some of these activities include:

- Helping cities and states use volunteers to develop and carry out emergency response plans;
- Expanding Citizen Emergency Response Teams and Volunteers in Police Service;
- Training community members of all ages to understand and cope with acts of terrorism;
- Providing information to low-income communities about how to respond to bioterrorism;
- Developing public health strategies for responding to municipality-wide emergencies; and
- Creating Volunteer Organizations Active in Disasters (VOADs) in areas that lack them.

Program Performance

Goal One – Meet human needs through diverse, high quality service programs

Strategy 1.1 – Leverage service to address the nation's education, public safety, environmental, homeland security, and other human needs

Homeland Security Grants (\$4,471,000 in FY 2004)

Between FY 2002 and 2004, 29 Special Volunteer Program homeland security grants were awarded (in 2004 12 new grants were

added to the 17 continuation grants) to national and local nonprofit agencies such as the Mercy Medical Airlift and the Salvation Army of Eastern Michigan [American Red Cross and the American Radio Relay League – new examples?, ask Peter, Angela], as well as cities, counties, and state commissions on national and community service. By the end of their second year of operation, the original 17 grantees had mobilized more than 25,000 community volunteers who received Red Cross disaster training, supported community preparedness meetings, and expanded the pool of trained volunteers available to serve in an emergency.

During FY 2004, the original grantees continued to emphasize recruitment of seniors, and approximately 50% of the volunteers serving during the second year of the grants were age 55 or older. Continuing this emphasis, a goal of 75% of seniors was established for the third and final year of these grants, while the grantees were expected to continue to recruit and place Special Volunteers to serve in an ongoing capacity and leverage other community volunteers.

Examples of Homeland Security volunteer accomplishments in FY 2004:

- 600 trained Southeast Pennsylvania volunteers participated in community walk-throughs, presentations, a mock disaster drill, and community homeland security fairs.
- 2,600 volunteers mobilized by the American Red Cross of Greater New York provided 18,585 hours of service to support events sponsored by local Citizen Corps Councils, volunteer agencies, and emergency management agencies, including emergency preparedness training, a smallpox exercise, an anthrax simulation, and ensuring that the needs of special needs populations are represented in disaster response planning.
- The American Radio Relay League recruited and trained 380 volunteer mentors nationwide to provide e-mail, on-air, and telephone support to over 2500 students enrolled in its on-line Emergency Communication Course. A total of 3,828 amateur radio volunteers have been certified in emergency communications and have provided 68,000 hours of emergency communication service, including a major role in the Florida hurricanes (see sidebar).

Homeland Security grantees:

- Worked with more than 590 faith-based and community-based partners;
- Worked with more than 200 chapters of the American Red Cross;
- Worked with more than 255 FEMA or emergency management

Florida Hurricanes: Volunteer Support

In Florida, as four hurricanes--Charley, Frances, Ivan, and Jeanne--all made landfall in the state within six weeks last August and September, the disaster volunteer management systems put in place by SVP grantee, Volunteer Florida, and 11 partner Volunteer Centers and collaborating county emergency management agencies, responded to a hard test. The result was reported as the state's largest mobilization of volunteers for a natural disaster.

Some examples of this volunteer support include:

- ◆ Amateur radio clubs worked with Volunteer Centers in Citrus,
- ◆ Martin, Sarasota, and Seminole Counties provided a vital link among the local disaster network of emergency managers and volunteers, and
- ◆ CERT volunteers that were working closely with Volunteer Centers in Sarasota and Seminole Counties were recruited to work on hurricane relief in emergency management offices.

agencies; and

- Helped to establish or support 518 Citizen Corps Councils.

Goal Three – Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.2 – Strengthen the spirit of community, as demonstrated by greater interaction and collaboration among individuals and communities

Parent Drug Corps (\$4,167,000 in FY 2003)

At the end of FY 2003, \$4.167 million was awarded to National Families in Action for development of a national training system and network of volunteer parents engaged in a nationwide substance abuse prevention effort over a period of three years.

Evaluations

\$800,000 of FY 2003 Special Volunteer Program funding was used to develop and implement an evaluation of the Parent Drug Corps Program. The specific aims of this study are to describe the implementation of the Parent Drug Corps Program, and to use a random assignment evaluation design to evaluate its impact on prevention of and reduction in substance use among children aged 18 or younger.

The results of this evaluation will be available in the winter of 2007, and will assess:

- Changes in parent-child communication about substance abuse;
- Knowledge about substance abuse;
- Perceptions of the harm of substance abuse;
- Risk behaviors related to substance abuse; and
- Actual levels of substance abuse among children.

SVP Key Performance Measures

Performance Measure	Actual				Goal
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004
Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security and other human needs					
Total number of volunteers enrolled through Special Volunteer Programs. Source: Grantee Quarterly Progress Reports	N/A	N/A	36,800	28,873	
Number of federally funded SVP homeland security grantees. Source: eGrants *	N/A	17	17	29	
Percent of grantees who met target levels for their end outcome performance measures, as listed in their grant application workplan. Source: eGrants **	N/A	N/A	N/A	77% (a)	
Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively					
Number of volunteers leveraged by Special Volunteers. Source: Grantee Quarterly Progress Reports **			5,523	11,783	

* The Corporation presented this measure in the Performance and Accountability Report FY 2003.

** The Corporation has not previously presented this measure for reporting purposes. It is included here to supplement the FY 2004 performance information.

(a)13 of 17 grantees reported in time for the report. 10 of 13 met their self selected end outcome targets.

Partnership Grants

About the Program

The Points of Light Foundation (POLF) and America's Promise, in collaboration with the Corporation, have helped to promote volunteering (POLF, more than a decade, and America's Promise, 5-6 years). The Corporation provides annual grants to these two national organizations to assist their support of local organizations in administering community service projects and programs. The Corporation budget for FY 2004 included a \$9.94 million grant to the POLF and a \$4.97 million grant for America's Promise. Support for the POLF was written into the Corporation's authorizing legislation, and funds have been requested by the Administration and approved by Congress since the Corporation began operations 10 years ago. Corporation support for America's Promise began in 2001; however, we supported AmeriCorps Promise Fellows several years before 2001.

Points of Light Foundation

The Points of Light Foundation encourages every American and every American institution to help solve the Nation's most critical social problems through volunteering. Its objectives include:

- Identifying and disseminating information about successful and promising community service projects and initiatives with non-profit organizations, corporations, families, and youth;
- Building the capacity of organizations to support volunteer service;
- Developing individuals as leaders to serve as strong examples of a commitment to serving others and to convince all Americans that a successful life includes serving others;
- Raising public awareness around the societal benefits of community volunteering; and
- Providing leadership through local delivery systems to mobilize volunteers.

The Corporation supports two-thirds of the administrative costs for POLF's national office, as well as the training and technical assistance services it provides to volunteer centers, business volunteer programs, and other organizations. This grant also constitutes 47 percent of POLF's total revenues. In addition to monetary resources, the Corporation provides service participants and community volunteers to America's Promise communities through AmeriCorps, Learn and Serve America, the National

Senior Service Corps, and other Corporation initiatives.

America's Promise

America's Promise is a national organization that mobilizes people, communities, and organizations from every sector of American life to build the character and competence of youth by meeting the following "Five Promises":

- Caring adults in their lives, as parents, mentors, tutors, and coaches;
- Safe places with structured activities during non-school hours;
- A healthy start and future;
- Marketable skills through effective education; and
- Opportunities to give back through community service.

America's Promise brokers partnerships and provides support, such as training, technical assistance and program development, but does not administer the "Communities of Promise" or other America's Promise programs. America's Promise advocates for children and youth and provides support to a network of "Communities of Promise," made up of community-based groups that are committed to delivering all Five Promises and that implement projects in support of young people at the community level.

Program Performance

America's Promise supports the Corporation's goal of meeting human needs, while POLF helps the Corporation strengthen communities across America. The programs' objectives under these goals, along with a description of FY 2004 performance, are presented below.

Strategy 1.1: Leverage service to address the nation's education, public safety, environmental, homeland security and other human needs

Funding provided through the America's Promise grant supports the goals of the "Five Promises" movement to meet the needs of more children by:

- Strengthening collaboration among the Alliance partners at the national and state level to mirror that of the local "Communities of Promise;"
- Coordinating a national visibility campaign to mobilize individ-

uals to help fulfill the “Five Promises” for children and youth by their own service and leadership in their communities;

- Developing and providing centralized access to information, research, tools, training and other resources available to support the widespread development of effective collaborations for children and youth; and
- Encouraging outcomes measurement and reporting to the nation on our collective progress.

Through America’s Promise, the “Five Promises” are met in more children’s lives. The more of these “Five Promises” a child has present in his or her life, America’s Promise believes, the more positive the outcomes, such as performance in school and relationships with peers and family. Conversely, the fewer a child has, the more risky his or her life becomes.

One of the five-year goals for America’s Promise is to help 100 “Communities of Promise” move to “fully-effective” status through an 18-month intensive support and assistance effort. America’s Promise has provided three or more of the Five Promises to 33,000 children and youth through its demonstration communities.¹ These demonstration communities also help to identify “best practices”, thus helping to increase overall service effectiveness. This process continues as America’s Promise works toward the goal of 100 “fully-effective” “Communities of Promise” by FY 2007. America’s Promise has also established States of Promise to create statewide infrastructures for developing and sustaining “Communities of Promise”.

Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively

POLF’s 2001 Volunteer Center Survey suggests that across the volunteer center national network, the independent volunteer centers are increasing the number of volunteer opportunities and volunteer connections annually.

POLF is improving the performance of organizations and programs to engage volunteers aged 50 and up to help solve serious social problems. The goals of the initiative are to: 1) improve access for older adults to high impact volunteer opportunities; 2) create, disseminate, and replicate programs and effective practices for engaging older adults; and 3) systematically build a body of knowledge related to older adult volunteering. POLF and the Volunteer Center National Network have successfully worked with hundreds of thousands of adults aged 50 and up as volunteers.

The Points of Light Foundation (POLF) worked in partnership with over 360 community-based volunteer centers to connect volunteers with opportunities to serve their communities. POLF also has worked in collaboration with the Interfaith Community Ministry Network, comprising scores of faith-based community ministries and the Connect America National Partnership, comprising 123 partners representing all sectors. The Faith Initiative provided technical assistance and other resources to more than 300 congregations, faith organizations and other groups around the country.²

Evaluation Findings and Plan

The Office of Planning, Research and Evaluation of POLF has developed and administered a range of research and evaluation initiatives designed to monitor and better manage performance of the Foundation and its constituents. Among the most notable are a concept mapping project supported by the MOTT Foundation that will allow the Volunteer Center National Network to develop a set of indicators so that they can report on the impact their work is having. Soon, POLF will begin reporting on its performance outcomes against a set of well-designed indicators.

For FY 2005, the Corporation requested \$100,000 for an Evaluation of Corporation National Partnerships that will focus on the Points of Light Foundation and America's Promise and their earmarked grants.

¹ *Mobilizing Communities to Deliver Promises, Final Report*, March 2004, Brandeis University

² POLF administrative systems

Innovation Demonstration and Assistance Activities

About the Program

Subtitle H of the National and Community Service Act authorizes a wide range of activities that help to build the ethic of service among Americans of all ages and backgrounds. The majority of funds supported innovative and demonstration programs that serve this goal as well as training and technical assistance activities.

The goals of the Innovation, Demonstration, and Assistance activities are to:

- Support innovative and demonstration service programs that may not be eligible under other subtitles of the legislation;
- Support leadership development, training, and technical assistance activities to support grantees receiving assistance under the Act;
- Assist programs enrolling participants with disabilities and accommodating their participation;
- Support activities that help to build the ethic of service among Americans of all ages and backgrounds.

Program Performance

GOAL 1: Meet human needs through diverse, high quality service programs

Strategy 1.1: Leverage Service to address the nation's education, public safety, environmental, homeland security, and other human needs

Challenge Grants (\$2,379,000)

In FY 2003, the Corporation supported a new initiative by awarding grants totaling approximately \$5.9 million to eight local and national nonprofit organizations. The Challenge Grant program requires that each Federal dollar awarded be “matched” by \$2 in private funding. The purpose of these challenge grants is to assist nonprofit organizations in securing previously untapped sources of private funds to build sustainable service and volunteer programs. To date, seven of the eight grantees met and most exceeded the match requirement. The match commitments to the Corporation totals \$17,113,727.00 exceeding our expectations

for receiving nonfederal support for this new initiative by approximately \$5 million.

In FY 2004, the Corporation approved another \$2.6 million for six state, regional, and national nonprofit organizations to expand programs that engage volunteers in meeting community needs. The Corporation received a large response to our Notice of Funding Availability (NOFA) –with requests totaling almost \$18 million. The review process was rigorous, and the Corporation was able to fund six proposals totaling the available \$2.6 million. The six organizations are: City Cares of America, a national organization based in Atlanta, Ga., that recently changed its name to the Hands On Network; Jumpstart, a national organization based in Boston, Ma.; United Way of America (for a project in Michigan); Plus Time New Hampshire; The Potter’s House of Dallas, Tx.; and Youth Friends of Kansas City, Mo. (for projects in Kansas, Missouri, and Michigan). The grants will support such activities as organizing and managing community volunteers; providing children with preschool training and after-school tutoring; working with ex-prisoners to facilitate their re-entry into society; and involving more minority women and girls in philanthropic and volunteer efforts.

Strategy 1.2 Improve Program Quality, Impact, Reach, and Sustainability

Leadership Development and Training (\$2,000,000; plus \$17,000,000 in Program T&TA funds)

Training and Technical Support to Grantees

Following a needs assessment of Corporation-funded grantees, programs and partners, begun in FY 02, the Office of Leadership Development and Training developed a new strategic Training and Technical Assistance (T&TA) plan for the Corporation, emphasizing program accountability and sustainability. The needs assessment was updated in 2003-2004 and the following were identified as the most critical training needs in the field for FY 04. The figures accompanying the training needs show the Corporation’s response for FY 04:

- Performance measurement (171 training workshops/3,781 participants);
- Education success/tutoring (36 training workshops/578 participants);
- Working with faith/community based organizations (19 training workshops/1,088 participants);
- Sustainability and volunteer recruitment (22 training workshops/1,618 participants);

- Financial management (42 training workshops/2,571 participants).
- Training and Technical Assistance for State Commissions (59 training workshops/1,215 participants)

A total of 751 training workshops were held, attended by 18,146 national service participants. These trainings were supplemented by more than 21,126 follow-up emails and telephone calls providing additional technical support

In addition, as a further critical component of this strategic plan, the Corporation focused on making training and technical assistance more cost-effective and available to programs by improving the quality and accessibility of its online resources. This initiative will continue into FY 05 and has thus far included the following steps in FY 04:

- A research project to identify and define the characteristics of successful volunteer and community service programs. The new “characteristics” system provides a vehicle for organizing T&TA resources in a manner most useful for meeting programs’ needs;
- The design and launch of a new web portal, creating a single point of access to T&TA resources offered by the Corporation to its grantees and other volunteer agencies responding to the President’s call to service;
- The acquisition of a new web-based learning management system to support increased e-learning capabilities, online courses, and the organization of online resources to make them more easily accessible and usable; and
- The design of a web-based program assessment tool, to help programs assess their capabilities and obtain, through the new web portal, the T&TA resources needed.

National Events

In partnership with the Points of Light Foundation, the Corporation planned and conducted its annual National Conference on Community Volunteering and National Service in Kansas City, with an attendance of over 2,000 participants, which was preceded by a national training for state commission and national parent organization program staff.

In addition, the Corporation continued the national symposium series focused on four areas: the President’s mentoring initiative (helping children of inmates); financial asset generation; strengthening families; and empowering faith-based and small grassroots organization and held five national institutes on financial management, sustainability, disability and inclusion, education, and faith and community based initiatives.

Service-Learning Clearinghouse and Exchange (\$725,000)

The National Service-Learning Clearinghouse provides training and technical assistance to Learn and Serve America grantees, the public, and other Corporation programs through its website (www.servicelearning.org), lending library, listservs, toll-free telephone line, attendance at conferences across the country, and creation of new resources for service-learning. The Clearinghouse disseminated 13 new publications and 2 new Service-Learning Starter Kits this year. In addition, the Clearinghouse provides 8 different listservs to a variety of constituents that reach over 1,200 people regularly. These lists generated over 1,000 messages in the last 6 months and have developed steadily over time. The website generated nearly 900,000 page views in the last 6 months, up from over 500,000 during the same period in the previous year. Nearly 360 reference calls received support. The Clearinghouse shipped over 20,100 training resource items and publicity materials to users. These users have recently attested to the usefulness of this resource: 86.8% percent of organizations in 2004 reported they were “very satisfied” or “somewhat satisfied” with the content of the National Service Learning Clearinghouse website.¹

Strategy 1.3 Diversify the National and Community Service Infrastructure

Next Generation Grants (\$1,000,000)

In FY 2004, the Corporation awarded \$4.9 million in grant awards to 16 organizations that are implementing new service strategies with the potential to become national in scope. The agency’s “Next Generation” grants foster the expansion of national services by providing seed money to help organizations plan and implement new service programs. More than 1,150 organizations applied for the two-year program, a record number of applications for any Corporation grant competition. The applicants requested a total of approximately \$280 million in funds. This large pool represented significant geographic and organizational diversity.

The selected proposals reflect a variety of innovative ideas that have the potential to be replicated across the country and will allow the Corporation’s investment to dramatically increase community involvement in service among previously underrepresented areas and groups. The projects address a variety of community problems, including disadvantaged youth, prisoner re-entry, homelessness, capacity building, youth service to inner city and rural areas, education reform, civic engagement, and literacy. Each project focuses on at least one of three services areas: programs that engage individuals in an intensive commitment to

service in communities (approximately 40 hours per week); volunteer programs for those 55 years of age and older; and programs that connect service with education. The grantees represent a strong mix between urban and rural programs, and many are faith-based and community organizations.

GOAL 2: Improve the lives of national service participants

Strategy 2.1 Increase the Diversity of Participants within and among Service Programs

Disability Grants (\$4,555,000)

In FY 2004, the Corporation awarded disability grants to state service commissions totaling approximately \$2.5 million. State Service Commissions developed disability placement plans with two goals: (1) to increase the number of people with disabilities who serve in AmeriCorps programs; and (2) to provide reasonable accommodations when necessary to assist members in performing community service. These plans delineate the outreach activities and recruitment strategies designed to interest people with disabilities in serving.

GOAL 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively

MLK Grants (\$500,000)

On January 19, 2004, thousands of Americans observed the holiday honoring the birth of Dr. Martin Luther King, Jr. by serving their communities. To encourage Americans to memorialize the life and teachings of Dr. King through service to others, the Corporation for National and Community Service awards grants to local organizations to involve individuals and groups in results oriented community service. To promote service on January 19, 2004, the Corporation awarded approximately \$497,000 in grants to 96 local nonprofit organizations and public agencies. Grants awarded in 38 states and the District of Columbia helped mobilize volunteers to build homes with Habitat for Humanity, paint schools, plant trees and clean parks, visit seniors in nursing homes and take their oral histories, collect items for homeless shelters, and install smoke detectors.

¹ Source: Learn & Serve LASSIE survey, Corporation

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The National Service Trust

About the Program

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. Congressionally-mandated reporting for the Trust, including the Trust's unaudited financial statements and a discussion of factors affecting the Trust, is included in Appendix D.

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;
- Pay expenses incurred participating in an approved school-to-work program; and
- 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 an 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 certified by the institutions. Trust funds are not used to pay member stipends or other grant costs.

Recent appropriations also have made specified amounts from the Trust available for scholarships for high school students. The \$1,000 college scholarships, known as Presidential Freedom Scholarships, are awarded to students who provide outstanding service. To fund each scholarship, a local community or corporate source must match the \$500 portion of the scholarship provided by the Corporation.

The Trust enables the Corporation to improve the educational opportunities of AmeriCorps members by providing financial assistance to attend school or pay student loans. To continue to pay these awards, the Corporation must maintain fiscally sound management of the Trust.

Program Performance

Goal 2: Improve the lives of national service participants.
Strategy 2.2: Expand educational and economic opportunities for members

Education Awards

During FY 2004, the Corporation awarded nearly 70,000 member slots. We expect to reach our 75,000 goal for program year 2004 with the upcoming Professional Corps Competition. As of the end of the year, about 20,000 members had been enrolled. The remaining member slots are expected to be filled by grantees during FY 2005. Since 1994—the inception of the Corporation, AmeriCorps members have earned education awards worth over \$970 million and have used about \$581 million thus far to support their educations. Additional information on the earning and use of education awards is contained in Appendix D.

Trust Management—Strengthen AmeriCorps Act

On July 3, 2003, the President signed into law the Strengthen AmeriCorps Program Act. This legislation established a clear set of budgeting guidelines for the National Service Trust. Specifically, the Act:

- Directs the Corporation to record in the National Service Trust at the time of approval an amount for education awards that considers the value of the award, as well as the enrollment rate, earnings rate, usage rate, and net present value (the time value of funds) in calculating the obligation amount;
- Establishes a reserve fund that will protect the Corporation in the event that the estimates used to calculate the obligation are incorrect; and
- Reinforces sound practices in obligating education awards in the Trust and protects AmeriCorps members by providing additional oversight, including annual CEO certifications of compliance with these new requirements and annual audits of recorded estimates and Trust accounts.
- Based on the Act, the Corporation has established a reserve and is using more conservative enrollment, earning, and usage rate assumptions to calculate Trust liability and budgetary needs.

Trust Management—Trust Controls

The Corporation has implemented a set of controls to ensure the availability of Trust resources for AmeriCorps grant approvals. They include:

- Estimating total FTE and member slots available for the grant cycle and allocating them to programs;
- Requiring the CFO to certify the program and Trust costs of each proposed grant approval;
- Recording Trust obligations concurrent with the grant award process;
- Automating safeguards in the Web-Based Reporting System to prevent grantees from enrolling more members than they were allotted; and
- Continuously tracking Trust enrollments to allow for timely mid-course corrections if necessary.

Trust Management—External Reviews

The Corporation's current Trust management policies and procedures have been reviewed favorably by both the Office of Inspector General (OIG) and the General Accountability Office (GAO). Furthermore, an independent auditor, Cotton & Company LLP, issued a clean opinion on the FY 2003 schedule of Trust budgetary resources and obligations. In a letter dated January 16, 2004 (OIG Report Number 04-10), the Corporation's Inspector General, J. Russell George, certified to the CEO, David Eisner that the Corporation had complied with and fully implemented four of the five recommendations in the OIG's July 24, 2003 report on the management of the National Service Trust (OIG Report Number 03-007). These recommendations included allowing only qualified personnel to make Trust liability projections, using position descriptions to establish responsibility and accountability for all key Trust positions, establishing automated safeguards in WBRS and eSPAN to prevent over-enrollment, and publishing formal guidance regarding use of the Service Award Liability model. On the fifth recommendation, to integrate WBRS and eSPAN, Mr. George wrote that "the Corporation's efforts to implement a multiyear plan to upgrade eGrants have demonstrated its intention to comply with this recommendation."

In its January 2004 report on Trust management, the GAO found that "[t]he Corporation has made changes that minimize the likelihood of a need to suspend enrollments in the future." In fact, GAO expresses concern about the potential for large Trust surpluses and recommends that the Corporation review restrictions on the refilling of vacated slots and the conversion of slots from full-time to part-time, which can reduce enrollments. GAO also

recommends actions to address discrepancies between information in the Trust database and participant documentation and improve over time estimates of Trust liability and budgetary needs. The Corporation is implementing these recommendations.

National Service Trust Performance Indicators

Performance Indicator	FY 2001	FY 2002	FY 2003	FY 2004 Goal	FY 2004 Performance
Education award earning rate ¹	75%	78.8%	82.5%	N/A	88.3%
Education award cumulative usage rate ²	54.2%	43.9%	15.7%	N/A	8.5%
Difference between Trust assets and liabilities	N/A	N/A	N/A	N/A	\$103.5 million

Evaluation Findings and Plan

The Trust account and the procedures used to record Trust obligations are audited annually by the Corporation's Office of Inspector General.

The Corporation also has initiated a study of how external economic, demographic, and other factors affect enrollment, earning and usage rates. This study will help the Corporation to both identify opportunities to increase earning and usage rates and to ensure fiscally sound Trust management.

¹ These rates omit members who are enrolled and still earning their awards, as well as slots that have yet to be filled as well as slots that have yet to be filled. This results in the earning rate in the early part of the program year being based primarily on those members enrolled or a reduced, part-time busy who tend to earn at a higher rate. As the program year is completed, the earning rate will stabilize at a somewhat lower level, reflecting members who do not complete longer service terms.

² The usage rate represents the percent of awards earned (in dollars) in each year that have been used as of September 30, 2004. Or, in other words, the dollar amount of education awards used divided by the total amount earned for the Program Year as of September 30, 2004. Until the seven-year eligibility period has expired, the usage rate for each program year will continue to increase over time. For example, the usage rate for 1997—a year for which eligibility has now expired—76 percent.

Donations, Contributions, and In-Kind Support

About the Program

The Corporation is authorized to accept donations to support the expansion and improvement of national service (42 U.S.C. 12651g (a) (2) (A)). By statute, the Corporation may “solicit, accept, hold, administer, use, and dispose of, in furtherance of the purpose of the national service laws, donations of any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest or otherwise.” The Corporation’s authorizing legislation requires that the Corporation report to the Congress on the nature and amount of donations, as well as on how they were used and disposed of (in the case of donated property) in support of its programs and activities. This detailed report is included as Appendix C.

Over the past four years, the Corporation has received over \$2.2 million, primarily from large corporations for specific, restricted purposes such as the USA Freedom Corps website, expenses associated with the Martin Luther King, Jr. Day of Service, and the White House Forum on History, Civics, and Service. During FY 2004, the Corporation received \$540,000 in cash donations.

The Corporation’s NCCC projects and similar Corporation objectives also receive significant in-kind support, such as public service announcement airtime, NCCC teams’ “spike” lodging, and meals. Such in-kind support is not yet consistently reported across the Corporation. In-kind support from NCCC project sponsors in FY 2004 is estimated to be valued at approximately \$1.3 million.¹ In FY 2004, voluntary public service announcement airtime support is estimated to be valued at \$4.2 million

In FY 2004, the Corporation developed a new strategic fundraising approach that will solicit funding to support a broader range of activities, including training and technical assistance, research, and recruitment. This program will be implemented in FY 2005 and evaluated in FY 2006. Additionally, the new strategy will attempt to link potential donors with local programs to help with their cost-sharing requirements, likely producing more donations directly to these programs.

Donations, contributions and in-kind support can help accomplish any of the Corporation’s goals and strategies, depending on the nature of the contribution. However, historically, support has tended to enable NCCC teams to help meet human needs and

to increase volunteerism throughout the country.

Program Performance

Goal 1: Meet human needs through diverse, high-quality service programs

Strategy 1.1: Leverage service to address the nation’s education, public safety, environmental, homeland security, and other human needs.

After the recent hurricanes, the Home Depot Foundation donated a major gift to the Corporation, in the amount of \$500,000, to be used to support long-term rebuilding activities in eight states and Puerto Rico (all which were declared disaster areas by the Federal Emergency Management Agency). The funds are being distributed by the Corporation either directly to state commissions, or to eligible recipients that have been selected by the commissions to receive the funds.

The Polo Ralph Lauren Foundation made a series of gifts totaling \$31,310 to support anniversary events and NCCC in general. Using this funding, more than 700 AmeriCorps*NCCC alumni from across the country reunited this summer to commemorate AmeriCorps*NCCC’s ten-year anniversary by doing what brought them together in the first place— community service. Each of NCCC’s five campuses hosted a full weekend of events to recognize 10,000 alumni and the 15.3 million service hours they have contributed through 4,500 projects nationwide during the past ten years.

The NCCC’s efforts to encourage project sponsors to assist the NCCC team by providing in-kind support, such as lodging and meals, have been quite successful. Such support can often be provided at minimal additional cost to the sponsor, since existing facilities, such as church basements, may be available. The Corporation will begin to systematically track these in-kind contributions during FY 2005; therefore, current performance is estimated based on highly conservative assumptions.

Goal 1 Key Performance Measures for Donations, Contributions, and In-Kind Support

Performance Indicator	FY 2001	FY 2002	FY 2003	FY 2004 Goal	FY 2004 Performance
Estimated value of in-kind contributions to support NCCC spike and other efforts	N/A	N/A	N/A	N/A	\$1.3 million
Cash donations	\$301,000	\$747,000	\$658,000	N/A	\$540,000

Goal 3: Strengthen the infrastructure, capacity, and social capital of communities across America

Strategy 3.3: Increase volunteering in America and grow community capacity to engage volunteers effectively

The Corporation’s Office of Public Affairs, as well as its other programs, have received support for publicizing volunteering. In addition, the Corporation has received significant support to fund USA Freedom Corps’ website and various studies and summits regarding volunteerism.

Goal 3 Key Performance Measures for Donations, Contributions, and In-Kind Support

Performance Indicator	FY 2001	FY 2002	FY 2003	FY 2004 Goal	FY 2004 Performance
Estimated value of in-kind contributions to support publicity and other efforts to promote volunteerism	N/A	N/A	N/A	N/A	\$4.2 million

Evaluation Findings and Plan

In FY 2005, the Corporation will begin to more systematically track in-kind contributions of all sorts and for all programs. In FY 2006, the Corporation will evaluate its new donations program.

¹ This NCCC estimate is based on conservative estimates of the cost for camping or housing in low-cost facilities such as state parks (\$8 per night), and meals prepared in low-cost cafeterias (\$2 per meal) or low-cost restaurants (\$5 per meal), resulting in an average sponsor contribution per “spike” (i.e. travel) project of about \$3,300, based on data collected by the Southeast Region campus. This average is multiplied by the 410 such projects completed in FY 2004 to derive the \$1.3 million estimated in-kind contribution value for NCCC. This estimate may be revised to reflect the final number of projects.

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Financial Management

21st Century

Learning, Growing and Building.
Moving together through
the 21st Century!

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Message from the Chief Financial Officer

November 15, 2004

When CEO David Eisner arrived at the Corporation in December 2003, he outlined three goals:

- Restore trust and credibility,
- Manage to accountability, and
- Focus on the customer.

I am pleased to report that in our financial management, we have made breakthrough progress on all fronts. We have reformed our management of the National Service Trust, maintained clean financial statements, integrated budget and performance, established operational metrics, improved grants oversight, and reviewed our business processes in search of greater effectiveness and efficiency.

Restore trust and credibility

National Service Trust reforms

In FY 2003, the Corporation was forced to temporarily pause AmeriCorps member enrollments after we determined that the number of positions already enrolled could cause a shortfall in the National Service Trust. To prevent a future deficiency, we have overhauled the way we manage the Trust. Strict new procedures govern the awarding of grants and enrollment of members, and we have fully implemented the letter and spirit of the Strengthen AmeriCorps Program Act of 2003: we use conservative assumptions to calculate education award obligations and to obligate funds for education awards before making grant awards and have established a reserve fund to protect the Trust's solvency in the event its liability estimates are incorrect. The Government Accountability Office (GAO), our Office of Inspector General (OIG) and our independent auditor, Cotton & Company LLP, have reviewed our progress in addressing this issue and reported favorably on our reforms.

Manage to accountability

Clean audit

For the fifth year in a row, the Corporation has received an unqualified audit opinion on its financial statements. The Corporation also has maintained an outstanding record of compliance with all applicable laws and regulations and can confidently provide assurance that our financial reporting, systems and management controls comply with the requirements of the Federal Financial Management Improvement Act and the Federal Managers' Financial Integrity Act, with one exception. The

OIG's audit of the Corporation's compliance with the Federal Information Security Management Act found that our major systems had not undergone a complete test and evaluation within the last 12 months and reported this as a significant deficiency. The Corporation disagrees with this finding for reasons that are fully explained in the Management Assurance on Internal Controls section of this report. In any case, we expect to complete an OMB-compliant test and evaluation by December 31, 2004, resolving the OIG's finding.

Improving Grants Oversight and Monitoring

The Corporation has made significant progress in improving its oversight and monitoring of grant awards, but we still have work to do. In response to recommendations in the FY 2003 audit report, the Corporation revised State Administrative Standards to incorporate a risk-based approach, completed all planned Senior Corps site visits, improved the use of eGrants in tracking and monitoring site visit results, provided more timely feedback to grantees, and more closely monitored grantee progress reports. While our auditors acknowledge our gains, they have again cited shortcomings in this area as a reportable condition.

To finally resolve this reportable condition, in FY 2005 we plan to hire our first Director of Grants Oversight and Monitoring, who will lead the development of a Corporation-wide oversight and monitoring accountability plan, standardize policies and procedures across programs, and implement best practices. We will also complete an ongoing project to reform the planning and management of our cooperative agreements.

Integrating Budget and Performance

The Corporation made a great leap in FY 2004 toward fully integrating budget and performance management. At the outset of the FY 2006 budget process, Corporation executives agreed on a framework of shared goals, strategies, and performance indicators. Each program then used a "logic model" approach to align its operating plan and resource requests with the Corporation framework.

The Corporation also continued to develop a comprehensive hierarchy of performance metrics—from national outcome measures, such as the percent of Americans who volunteer, down to operational measures, such as grant application cycle times. To effectively monitor these metrics, we are

- building a data warehouse to consolidate and organize information from a variety of sources;

- creating a “management dashboard” that puts the most critical performance metrics at the fingertips of executives and managers;
- collecting a wealth of new data, including new surveys of members, grantees, and end beneficiaries; and
- looking to standardize the performance measures reported by our grantees.

Focus on the customer

Continuous improvement

Providing world-class customer service requires an unflagging focus on improving how we do business.

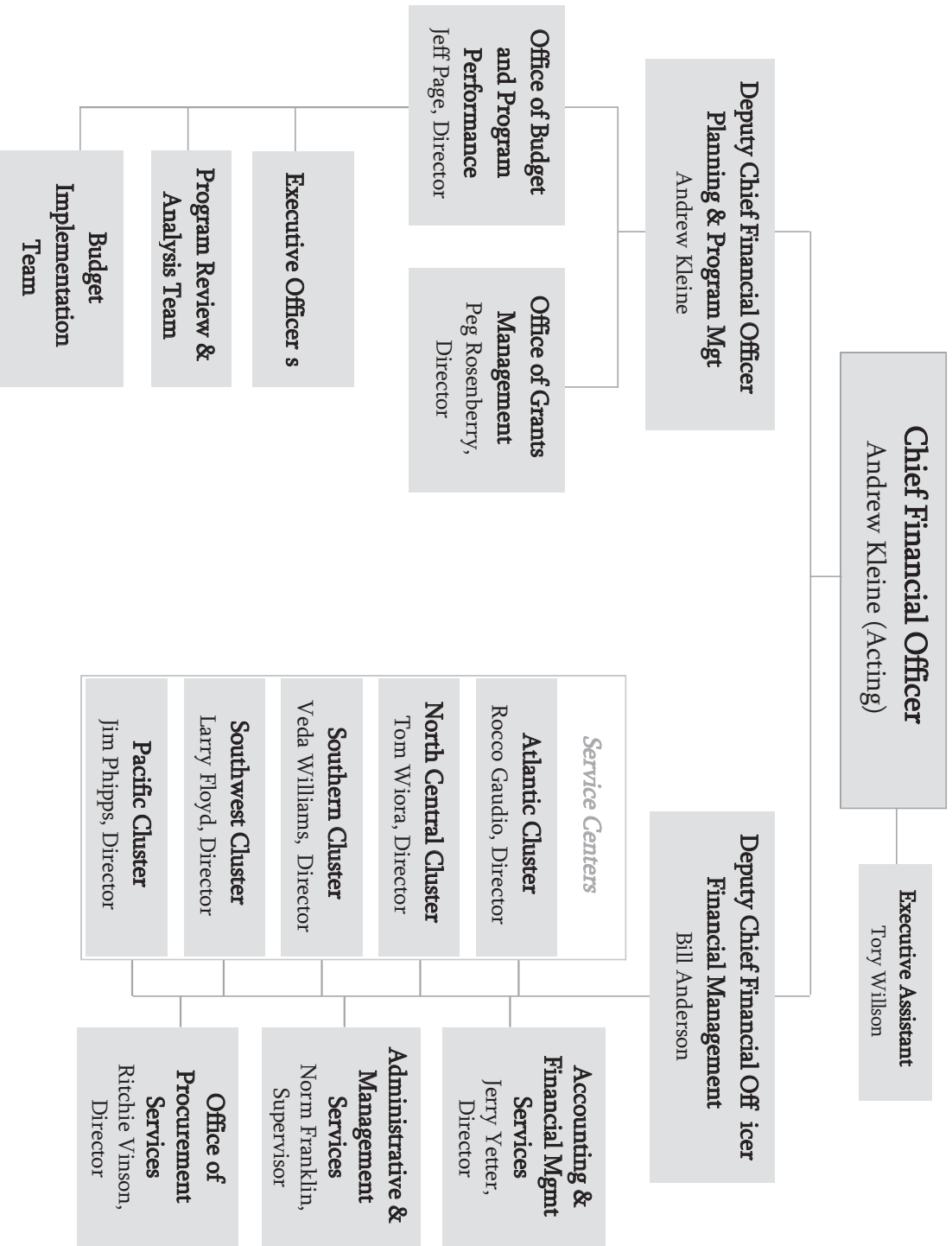
In FY 2004, the Corporation completed business process reviews of our National Service Trust operations, the VISTA and NCCC payroll systems and procurement operations, which identified ways to become more effective and efficient in each area. One of the resulting initiatives is to automate a labor- and paper-intensive education award payment process, making the process quicker and easier for our customers and producing significant operating cost savings.

We are also implementing new software to improve payroll budget projections and make several budget execution functions more efficient and accurate.

The Corporation aspires to become a leader among Federal agencies in integrating financial and performance information and using that information to support decision-making. Thanks to the hard work of a skilled and dedicated financial management staff and a strong commitment from Corporation leadership, we are on the right track.



Andrew Kleine
Acting Chief Financial Officer



Financial Statements

The Corporation has prepared its FY 2004 financial statements in accordance with the Government Corporation Control Act, as amended by § 306 of the Chief Financial Officers Act. The Government Corporation Control Act requires that government corporations submit an annual report to the Congress within 180 days of the fiscal year end. The Office of Management and Budget has accelerated this reporting deadline so that for FY 2004 the report is due 45 days after the end of the fiscal year.

In addition to the statements required by the Corporation Control Act, the Corporation has added a Statement of Budgetary Resources, which reports on the status of appropriated funds, as one of its principal financial statements as required under the President's February 27, 2004, Executive Order on National and Community Service Programs. The Corporation's FY 2004 financial statements include the following:

- Statement of Financial Position, which reports the status of Corporation assets, liabilities, and net position;
- Statement of Operations and Changes in Net Position, which reports on revenues and expenses of the Corporation for the year;
- Statement of Budgetary Resources, which reports the status of the Corporation's obligations and outlays; and
- Statement of Cash Flows, which reports on the components that make up the change in fund balance of the Corporation for the year.

The statements present comparative information for FY 2004 and 2003. The Corporation has made significant improvements in financial management reporting in the past several years. For the fifth year in a row, the Corporation's audited financial statements received an unqualified opinion. This opinion recognizes the financial statements as fairly presented, in all material respects, in conformity with generally accepted accounting principles.

Limitations of the Financial Statements

These statements have been prepared to report on the financial position and results of operations of the Corporation for National and Community Service, a Federal government corporation, in conformity with generally accepted accounting principles.

While the statements have been prepared from the books and records of the Corporation, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. These statements should also be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation for National and Community Service (Corporation), as required by the Government Corporation Control Act (31 USC 9106) and by the National and Community Service Act of 1990, as amended (42 USC 12651) In addition, the Corporation prepares a Statement of Budgetary Resources, which reports on the status of appropriated funds, as one of its principal financial statements as required by the President's February 27, 2004 Executive Order on National and Community Service Programs. These financial statements have been prepared from the books and records of the Corporation. The Statements of Financial Position, Operations and Changes in Net Position, Statement of Budgetary Resources, and Cash Flows have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to Federal government entities and include the Corporation's activities related to providing grants and education awards to eligible participants. Additionally, the Statement of Budgetary Resources has been prepared in accordance with guidance prescribed in Office of Management and Budget (OMB) Memorandum 01-09, *Form and Content of Agency Financial Statements*, which constitutes generally accepted accounting principles for Federal governmental entities as specified by the AICPA's Statement on Auditing Standards 69 (as amended), *The Meaning of Presents Fairly in Conformity with Generally Accepted Accounting Principles*. The Corporation is not subject to income tax.

Transactions are recorded in the accounting system on an accrual basis and a budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Appropriations are considered earned for the Corporation's National Service Trust Fund and are recognized as revenue when received in the Trust Fund.

The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. Budgetary accounting principles are designed to

recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. Thus, the Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows differ from the Statement of Budgetary Resources and other financial reports submitted pursuant to OMB directives for the purpose of providing information on how budgetary resources were made available and monitoring and controlling the use of the Corporation's budgetary resources.

Corporation for National and Community Service
Statements of Financial Position
As of September 30
(dollars in thousands)

	2004	2003
ASSETS		
Fund Balance with Treasury <i>(Note 2)</i>	\$ 854,370	\$ 743,363
Trust Investments and Related Receivables <i>(Note 3)</i>	337,913	231,880
Advances to Others	66,154	49,279
Accounts Receivable, Net <i>(Note 4)</i>	2,636	2,756
Property and Equipment, Net <i>(Note 5)</i>	962	786
Total Assets	<u>\$ 1,262,035</u>	<u>\$ 1,028,064</u>
LIABILITIES		
Trust Service Award Liability <i>(Note 6)</i>	\$ 237,497	\$ 230,622
Grants Payable	117,250	116,798
Accounts Payable	7,133	7,145
Actuarial FECA Liability <i>(Note 8)</i>	12,401	12,506
Other Liabilities	10,391	9,258
Accrued Annual Leave	3,050	3,086
Advances from Others	187	223
Capital Lease Liability <i>(Note 7)</i>	66	39
Total Liabilities	<u>387,975</u>	<u>379,677</u>
Commitments and Contingencies <i>(Notes 7 and 14)</i>		
NET POSITION		
Unexpended Appropriations		
Obligated	740,769	554,179
Unobligated	48,286	111,174
Cumulative Results of Operations	<u>85,005</u>	<u>(16,966)</u>
Total Net Position <i>(Note 9)</i>	<u>874,060</u>	<u>648,387</u>
Total Liabilities and Net Position	<u>\$ 1,262,035</u>	<u>\$ 1,028,064</u>

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statements of Operations and Changes in Net Position
For the Years Ended September 30
(dollars in thousands)

	2004	2003
REVENUES		
Appropriated Capital Used, excluding Trust Fund	\$ 644,171	\$ 768,005
Appropriations Received by the Trust Fund <i>(Note 10)</i>	205,389	99,350
Interest	8,873	9,693
Revenue from Services Provided	7,329	7,288
Other	539	605
Total Revenues	<u>866,301</u>	<u>884,941</u>
EXPENSES		
AmeriCorps	454,971	541,939
National Senior Service Corps	240,775	241,555
Learn and Serve America	45,155	71,334
Subtotal	<u>740,901</u>	<u>854,828</u>
Congressionally Earmarked Grants	17,210	26,688
DVSA State Grants	1,202	1,211
Office of Inspector General	5,017	4,228
Total Expenses <i>(Note 11)</i>	<u>764,330</u>	<u>886,955</u>
NET OF REVENUES OVER EXPENSES	<u>\$ 101,971</u>	<u>\$ (2,014)</u>
NET POSITION		
Net of Revenues over Expenses	\$ 101,971	\$ (2,014)
Change in Unexpended Appropriations, Net <i>(Note 13)</i>	<u>123,702</u>	<u>(142,026)</u>
Change in Net Position, Net	225,673	(144,040)
Net Position, Beginning Balance	<u>648,387</u>	<u>792,427</u>
Net Position, Ending Balance	<u>\$ 874,060</u>	<u>\$ 648,387</u>

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Budgetary Resources
For the Years Ended September 30
(dollars in thousands)

BUDGETARY RESOURCES	2004	2003
Budget Authority		
Appropriations Received, including Trust Fund	\$ 1,151,820	\$ 900,874
Net Transfers	—	—
Total Budgetary Resources	<u>1,151,820</u>	<u>900,874</u>
 Unobligated Balance		
Beginning of Period	347,495	336,583
Net Transfers	—	—
Subtotal	<u>347,495</u>	<u>336,583</u>
 Spending Authority From Offsetting Collections		
Collected	31,117	160,012
Receivable from Federal Sources	1,061	(794)
Advances Received	(35)	222
Without Advance from Federal Source	(896)	896
Anticipated for Rest of Year Without Advance	1,807	—
Subtotal	<u>33,054</u>	<u>160,336</u>
 Recoveries of Prior Year Obligations		
Actual	3,872	403
Anticipated	—	—
Subtotal	<u>3,872</u>	<u>403</u>
 Temporarily Not Available Pursuant to Public Law	—	—
 Permanently Not Available		
Cancellations of Expired and No-Year Accounts	(25,158)	(12,733)
Enacted Rescissions	(5,553)	(53,143)
Subtotal	<u>(30,711)</u>	<u>(65,876)</u>
 Total Budgetary Resources	<u>\$ 1,505,530</u>	<u>\$ 1,332,320</u>
 STATUS OF BUDGETARY RESOURCES		
Obligations Incurred	\$ 1,350,861	\$ 991,607
 Unobligated Balance:		
Balance, Currently Available	49,346	59,063
Exempt from Apportionment	25,073	226,999
Subtotal	<u>74,419</u>	<u>286,062</u>
 Unobligated Balance Not Available	80,250	54,651
 Total Status of Budgetary Resources	<u>\$ 1,505,530</u>	<u>\$ 1,332,320</u>

(continued)

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Budgetary Resources
For the Years Ended September 30
(dollars in thousands)

	2004	2003
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS		
Obligated Balance, Net, Beginning of Period	\$ 629,155	\$ 733,045
Obligated Balance Transferred	-	-
Obligated Balance, Net, End of Period		
Accounts Receivable	(2,708)	(1,648)
Unfilled Customer Orders from Federal Sources	0	(896)
Undelivered Orders	674,840	505,021
Accounts Payable	365,534	126,678
Obligated Balance, Net, End of Period Total	<u>1,037,666</u>	<u>629,155</u>
Obligations Total	<u>\$ 1,666,821</u>	<u>\$ 1,362,200</u>
Outlays:		
Disbursements	\$ 938,313	\$ 1,094,992
Collections	(31,081)	(160,234)
Subtotal	<u>907,232</u>	<u>934,758</u>
Less: Offsetting Receipts	(17,206)	(17,913)
Net Outlays	<u>\$ 890,026</u>	<u>\$ 916,845</u>

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2004
(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net of Revenues over Expenses		\$ 101,971
Adjustments Affecting Cash Flow:		
Appropriated Capital Used, excluding Trust Fund	\$ (644,171)	
Appropriations Received by the Trust	(205,389)	
Decrease in Accounts Receivable	120	
Increase in Interest Receivable	(1,720)	
Increase in Advances	<u>(16,875)</u>	
		\$ (868,035)
Increase in Accounts Payable, Other Liabilities and Advances from Others	1,085	
Decrease in FECA and Annual Leave Liabilities	(141)	
Increase in Capital Lease Liability	27	
Increase in Trust Liability	6,875	
Increase in Grants Payable	<u>452</u>	
		8,298
Amortization of Premium/Discount on Investments	(1,208)	
Depreciation, Amortization, and Loss on Disposition of Assets	717	
Prior Year Expenses as authorized by P.L.108-11	<u>\$ 63,055</u>	
		\$ 62,564
Total Adjustments		<u>(797,173)</u>
Net Cash Used by Operating Activities		\$ (695,202)

(continued)

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2004
(dollars in thousands)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	\$ (893)	
Sales of Securities	557,035	
Purchase of Securities	<u>(660,140)</u>	
Net Cash Provided by Investing Activities		\$ (103,998)

CASH FLOWS FROM FINANCING ACTIVITIES

Appropriations Received	940,918	
Canceled/Rescinded Appropriations	<u>\$ (30,711)</u>	
Net Cash Provided by Financing Activities		<u>910,207</u>
Net Cash Provided by Operating, Investing, and Financing Activities		111,007
Fund Balance with Treasury, Beginning		<u>743,363</u>
Fund Balance with Treasury, Ending		<u>\$ 854,370</u>

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$	10
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Supplemental Schedule of Financing and Investing Activities

Property and Equipment Acquired Under Capital Lease Obligations	\$	44
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The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2003
(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net of Revenues over Expenses		\$ (2,014)
Adjustments Affecting Cash Flow:		
Appropriated Capital Used, excluding Trust Fund	\$ (768,005)	
Appropriations Received by the Trust	(99,350)	
Decrease in Accounts Receivable	265	
Increase in Interest Receivable	(92)	
Decrease in Advances	<u>9,916</u>	
		\$ (857,266)
Increase in Accounts Payable, Other Liabilities and Advances from Others	2,873	
Increase in FECA and Annual Leave Liabilities	962	
Decrease in Commission Liability	(184)	
Decrease in Capital Lease Liability	(36)	
Decrease in Trust Liability	(807)	
Increase in Grants Payable	<u>28,406</u>	
		31,214
Amortization of Premium/Discount on Investments	543	
Depreciation, Amortization, and Loss on Disposition of Assets	<u>\$ 1,138</u>	
		<u>\$ 1,681</u>
Total Adjustments		<u>(824,371)</u>
Net Cash Used by Operating Activities		\$ (826,385)

(continued)

The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2003
(dollars in thousands)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	\$	0	
Sales of Securities		445,933	
Purchase of Securities		<u>(444,983)</u>	
Net Cash Provided by Investing Activities			\$ 950

CASH FLOWS FROM FINANCING ACTIVITIES

Appropriations Received		791,205	
Canceled/Rescinded Appropriations	\$	<u>(65,876)</u>	
Net Cash Provided by Financing Activities			<u>725,329</u>
Net Cash Provided by Operating, Investing, and Financing Activities			(100,106)
Fund Balance with Treasury, Beginning			<u>843,469</u>
Fund Balance with Treasury, Ending			<u>\$ 743,363</u>

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$	8
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Supplemental Schedule of Financing and Investing Activities

Property and Equipment Acquired Under Capital Lease Obligations	\$	-
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The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

A. *Basis of Presentation*

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation for National and Community Service (Corporation), as required by the Government Corporation Control Act (31 USC 9106) and by the National and Community Service Act of 1990, as amended (42 USC 12651). In addition, the Corporation prepares a Statement of Budgetary Resources, which reports on the status of appropriated funds, as one of its principal financial statements as required by the President's February 27, 2004 Executive Order on National and Community Service Programs. These financial statements have been prepared from the books and records of the Corporation. The Statements of Financial Position, Operations and Changes in Net Position, Statement of Budgetary Resources, and Cash Flows have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to Federal government entities and include the Corporation's activities related to providing grants and education awards to eligible participants. Additionally, the Statement of Budgetary Resources has been prepared in accordance with guidance prescribed in Office of Management and Budget (OMB) Memorandum 01-09, *Form and Content of Agency Financial Statements*, which constitutes generally accepted accounting principles for Federal governmental entities as specified by the AICPA's Statement on Auditing Standards 69 (as amended), *The Meaning of Presents Fairly in Conformity with Generally Accepted Accounting Principles*. The Corporation is not subject to income tax.

The principal financial statements of the Corporation are the:

- Statement of Financial Position;
- Statement of Operations and Changes in Net Position;
- Statement of Budgetary Resources; and
- Statement of Cash Flows.

The notes to the financial statements are considered an integral part of the financial statements.

B. *Reporting Entity*

The Corporation was created by the National and Community Service Trust Act of 1993 (Public Law 103-82, 42 USC 12651). The Corporation provides grants and other incentives to States, local municipalities, and not-for-profit organizations to help communities meet critical challenges in the areas of education, public safety, human needs, and the environment through volunteer service. The Corporation oversees three national service initiatives:

AmeriCorps is the national service program that annually engages Americans of all ages and backgrounds in full-time and sustained part-time community service and provides education awards in return for such service. AmeriCorps includes State, National, Tribes & Territories (State/National); National Civilian Community Corps (NCCC); and Volunteers In Service To America (VISTA) programs.

The **National Senior Service Corps** (Senior Corps) is a network of people age 55 and older who participate in the Foster Grandparent Program, the Senior Companion Program, and the Retired and Senior Volunteer Program. These programs tap the experience, skills, talents, and creativity of America's seniors.

Learn and Serve America supports and promotes service learning in schools, universities, and communities. Through structured service activities that help meet community needs, nearly one million students improve their academic learning, develop personal skills, and practice responsible citizenship.

Together, these initiatives promote the ethic of service and help solve critical community problems in every State, many Indian tribes, and most U.S. territories.

C. Budgets and Budgetary Accounting

The activities of the Corporation are primarily funded through two separate appropriation bills. One is the Labor/Health and Human Services bill, which funds Domestic Volunteer Service Act (DVSA) programs. The DVSA appropriation is available for obligation by the Corporation for one fiscal year only.

The second is the Veterans Affairs, Housing and Urban Development, and Independent Agencies bill, which funds National and Community Service Act (NCSA) programs. The NCSA appropriation is available for obligation by the Corporation over two fiscal years except for the Salary and Expense (S&E) account, which is available for one year.

Both the DVSA and the NCSA appropriations fund a part of the Corporation's costs for administrative operations. In addition, part of the NCSA appropriations are provided on a no-year basis for the National Service Trust (the Trust), a fund within the Corporation primarily used to provide education awards to eligible participants. The Trust provides awards for AmeriCorps members under AmeriCorps*State and National, Tribes and Territories, AmeriCorps*NCCC, and AmeriCorps*VISTA.

D. Basis of Accounting

Transactions are recorded in the accounting system on an accrual basis and a budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Appropriations are considered earned for the Corporation's National Service Trust Fund and are recognized as revenue when received in the Trust Fund.

The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. Budgetary accounting principles are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. Thus, the Statements of Financial Position, Operations and Changes in Net Position, and Cash Flows differ from the Statement of Budgetary Resources and other financial reports submitted pursuant to OMB directives for the purpose of providing information on how budgetary resources were made available and monitoring and controlling the use of the Corporation's budgetary resources.

E. Fund Balance with Treasury

The Corporation does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. The Fund

Balance with Treasury represents annual, multi-year, and no-year funds, which are maintained in appropriated and trust funds that are available to pay current and future commitments.

Funds maintained in the National Service Trust are restricted for use in paying service awards earned by eligible participants as well as interest forbearance, and are not available for use in the current operations of the Corporation.

The majority of the funds received from individuals and organizations in the form of gifts and donations for the support of service projects are restricted for a particular use.

F. Trust Investments and Related Receivables

By law, the Corporation invests funds, which have been transferred to the Trust, only in interest-bearing Treasury obligations of the United States. These Treasury obligations are referred to as market-based specials, which are similar to government securities sold on the open market, and consist of Treasury notes, bonds, bills and one-day certificates.

The Corporation classifies these investments as held-to-maturity at the time of purchase and periodically reevaluates such classification. Securities are classified as held-to-maturity when the Corporation has the positive intent and ability to hold securities to maturity. Held-to-maturity securities are stated at cost with corresponding premiums or discounts amortized over the life of the investment to interest income. Premiums and discounts are amortized using the effective interest method.

Interest receivable represents amounts earned but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date of its last interest payment up to the date the security is purchased by the Corporation. Such interest, if any, at year-end is included in the interest receivable balance.

G. Advances to Others

The Corporation advances funds, primarily in response to grantee drawdown requests, to facilitate their authorized national and community service and domestic volunteer service activities. The cash payments to grantees, in excess of amounts earned under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced to grantees is compared with the Corporation-funded amount earned by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

H. Accounts Receivable

Accounts receivable represents amounts due to the Corporation primarily under Federal and non-Federal reimbursable agreements, grantee audit resolution determinations, and outstanding travel advances due from employees. These amounts are reduced by an allowance for uncollectible accounts based on the age of each past due account.

I. Property and Equipment

The Corporation capitalizes property and equipment at historical cost for acquisitions of \$10 thousand or more, with an estimated useful life that extends beyond the year of acquisition. The assets reported include telephone equipment, computer systems equipment, copiers, computer software, furni-

ture, and assets under capital leases. These assets are depreciated (or amortized) on a straight-line basis over estimated useful lives ranging from two to 10 years, using the half-year convention. Normal maintenance and repair costs on capitalized property and equipment are expensed when incurred.

J. Trust Service Award Liability

The Trust service award liability represents unpaid earned, and expected to be earned, education awards and eligible interest forbearance costs, which are expected to be used. These amounts relate to participants who have completed service or are currently enrolled in the program and are expected to earn an award, based on the Corporation's historical experience.

K. Grants Payable

Grants are made to nonprofit organizations, educational institutions, states, municipalities, and other external organizations. Grants become budgetary obligations, but not liabilities, when they are awarded. At the end of each fiscal year, the Corporation reports the total amount of unreimbursed authorized grantee expenses, earned under the terms of grant agreements, as grants payable.

L. Accounts Payable

The Corporation records as liabilities all amounts that are likely to be paid as a direct result of a transaction or event that has already occurred. Accounts payable represents amounts due to both Federal and non-Federal entities for goods and services received by the Corporation, but not paid for at the end of the fiscal year.

Actuarial FECA Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for Corporation employees under FECA are administered by the Department of Labor (DOL) and later billed to the Corporation. The Corporation's actuarial liability for workers' compensation includes costs incurred but unbilled as of year-end, as calculated by DOL, and is not funded by current appropriations.

Other Liabilities

Other liabilities include amounts owed but not paid at the end of the fiscal year for payroll and benefits; VISTA stipends; and the portion of the liability for Federal Employees' Compensation Act charges incurred and billed but unpaid.

Accrued Annual Leave

Annual leave is accrued as a liability based on amounts earned but not used as of the fiscal year-end. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates and leave balances. Annual leave is funded from current appropriations when used. As unused annual leave is used in the future, financing will be obtained from appropriations current at that time. Sick leave and other types of non-vested leave are expensed when used.

Advances from Others

Advances from others consist of advances from other government agencies related to interagency agreements the Corporation entered into to provide

services to those agencies.

Net Position

Net position is composed of unexpended appropriations and cumulative results of operations. Unexpended appropriations are funds appropriated and warranted to the Corporation that are still available for expenditure as of the end of the fiscal year. Cumulative results of operations represent the net differences between revenues and expenses from the inception of the Corporation.

Revenues

Appropriated Capital Used

The Corporation obtains funding for its program and operating expenses through annual and multi-year appropriations. Appropriations are recognized on an accrual basis at the time they are used to pay program or administrative expenses, except for expenses to be funded by future appropriations such as earned but unused annual leave. Appropriations expended for property and equipment are recognized as used when the property is purchased. Funds not used for eligible expenses within the allowed time must be returned to Treasury. Appropriations received for the Corporation's Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education service award purposes.

Interest

Interest income is recognized when earned. Treasury notes and bonds pay interest semiannually, based on the stated rate of interest. Interest earned on Treasury bills is recognized at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

Revenue from Services Provided

The Corporation also receives income from reimbursable service agreements that is recorded as revenue from services provided. Revenue from services provided is recognized when earned, i.e., goods have been delivered or services rendered.

Other Revenue

Other revenue consists of gifts and donations for the support of service projects from individuals and organizations.

Retirement Benefits

The Corporation's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984, elected to join FERS and Social Security or remained in the CSRS.

For employees covered by CSRS, the Corporation contributes 8.51 percent of their gross pay towards retirement. For those employees covered by FERS, the Corporation contributes 11.50 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under FERS, the Corporation contributes an automatic one percent of basic pay to TSP and matches employee contributions up to an additional 4 percent of pay, for a maximum Corporation contribution amounting to 5 percent of pay. Employees under CSRS may participate in the TSP, but will not receive either the Corporation's automatic or matching contributions.

The Corporation made retirement contributions of \$791 thousand and \$668 thousand to the CSRS Plan, and \$5.72 million and \$6.09 million to the FERS and TSP Plans in FY 2004 and 2003, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2: Fund Balance with Treasury

U.S. Government cash is accounted for on an overall consolidated basis by the U.S. Department of Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of the following:

Appropriated Funds – Appropriated funds are received through congressional appropriations to provide financing sources for the Corporation's programs on an annual, multi-year, and no-year basis. The funds are warranted by the United States Treasury and apportioned by the Office of Management and Budget.

Trust Funds – Trust Funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the Corporation's Trust Fund may be expended for the purpose of providing an education award or interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant, as well as awards under the President's Freedom Scholarship Program.

Gift Funds – Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of the national service laws.

Fund Balance with Treasury as of September 30 <i>(dollars in thousands)</i>						
	2004			2003		
Type	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Appropriated Funds	\$850,437	\$ –	\$850,437	\$742,565	\$ –	\$742,565
Trust Funds	–	3,120	3,120	–	146	146
Gift Funds	6	807	813	15	637	652
Total	<u>\$850,443</u>	<u>\$3,927</u>	<u>\$854,370</u>	<u>\$742,580</u>	<u>\$783</u>	<u>\$743,363</u>

Note 3: Trust Investments and Related Receivables

The composition of Trust Investments and Related Receivables at September 30 is as follows:

Trust Investments and Related Receivables as of September 30 <i>(dollars in thousands)</i>		
	2004	2003
Investments, Carrying Value	\$334,575	\$230,262
Investment and Interest Receivable	3,338	1,618
Total	<u>\$337,913</u>	<u>\$231,880</u>

Amortized Cost and Fair Value of Investment Securities as of September 30 <i>(dollars in thousands)</i>								
	2004				2003			
Securities	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
Notes	\$292,655	\$ 27	\$ -	\$292,682	\$175,244	\$5,648	\$ -	\$180,892
Bills	34,274	68		34,342	47,019	4	-	47,023
Bonds	7,646	198		7,844	7,999	570	-	8,569
Total	<u>\$334,575</u>	<u>\$293</u>	<u>\$ -</u>	<u>\$334,868</u>	<u>\$230,262</u>	<u>\$6,222</u>	<u>\$ -</u>	<u>\$236,484</u>

At September 30, 2004, the notes held at year-end had an interest rate range of 1.63% to 7.88% and an outstanding maturity period of approximately one day to five years. The interest rate on the bond was 10.75% and had a maturity period of approximately one year. The bills held at year-end had an interest rate range of 1.35% to 1.77% and were all due to mature within 149 days. The par values of these bills range from \$2 million to \$5 million.

As required by the Strengthen AmeriCorps Program Act, beginning in FY 2003 the Corporation has set aside in reserve a portion of the funds appropriated to the Trust in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. As of September 30, 2004, \$19.9 million of the Corporation's investment account has been set aside for this reserve.

Investments held at September 30 mature according to the following schedule:

Maturation of Securities Held as of September 30 <i>(dollars in thousands)</i>				
	2004		2003	
Held-to-Maturity Securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$161,584	\$161,931	\$156,108	\$157,360
Due after 1 year up to 5 years	172,991	172,937	74,154	79,124
Total	<u>\$334,575</u>	<u>\$334,868</u>	<u>\$230,262</u>	<u>\$236,484</u>

Note 4: Accounts Receivable, Net

Accounts Receivable as of September 30 <i>(dollars in thousands)</i>		
	2004	2003
Accounts receivable	\$3,284	\$3,248
Less: allowance for loss on receivables	648	492
Accounts Receivable, Net	<u>\$2,636</u>	<u>\$2,756</u>

Note 5: Property and Equipment, Net

General Property and Equipment as of September 30 <i>(dollars in thousands)</i>							
		2004			2003		
Major Class	Service Life (Years)	Cost	Less: Accumulated Depreciation	Net Book Value	Cost	Less: Accumulated Depreciation	Net Book Value
Equipment	3-10	\$2,916	\$2,017	\$899	\$1,998	\$1,676	\$322
Capital leases	3-5	92	29	63	164	123	41
ADP software	2	5,042	5,042	0	5,042	4,619	423
Total		<u>\$8,050</u>	<u>\$7,088</u>	<u>\$962</u>	<u>\$7,204</u>	<u>\$6,418</u>	<u>\$786</u>

Note 6: Service Award Liability– National Service Trust

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which are available for use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The Trust also pays forbearance interest on qualified student loans during the period members perform community service as well as awards under the President's Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The service award liability was composed of the following as of September 30:

Service Award Liability as of September 30 <i>(dollars in thousands)</i>		
	2004	2003
Education awards	\$814,176	\$707,919
Interest forbearance	26,957	24,371
Presidential Freedom Scholarship Program	17,499	14,200
Total estimated service award liability	858,632	746,490
Less: cumulative awards paid	621,135	515,868
Total	<u>\$237,497</u>	<u>\$230,622</u>

The net service award liability as of September 30, 2004, increased by approximately \$6.87 million from the net service award liability as of September 30, 2003. This change was largely due to new member enrollments and an increase in the number of members still serving during the year.

Note 7: Capital and Operating Leases

A. Capital Leases

The Corporation has entered into lease agreements for copy machines. These leases vary from 3 to 5 year terms and are deemed to be capital leases. The costs of the copiers have been recorded as property and equipment (also see Note 5). The following is a schedule by year of the future minimum payments under these leases:

Capital Leases Future Minimum Due as of September 30 <i>(dollars in thousands)</i>		
	2004	2003
Fiscal Year 2004	\$ –	\$ 13
Fiscal Year 2005	26	12
Fiscal Year 2006	25	11
Fiscal Year 2007	15	9
Fiscal Year 2008	7	–
Fiscal Year 2009	<u>5</u>	<u>–</u>
Total future minimum lease payments	78	45
Less: amounts representing interest	12	6
Total	<u>\$66</u>	<u>\$39</u>

B. Operating Leases

The Corporation leases office space through the General Services Administration (GSA). GSA charges the Corporation a Standard Level Users Charge that approximates commercial rental rates for similar properties. NCCC also leases housing facilities for its campuses. Additionally, the Corporation leases motor vehicles on an annual basis through GSA under an Interagency Fleet Management Service agreement for the National Civilian Community Corps. Commitments of the Corporation for future rental payments under operating leases at September 30 are as follows:

Estimated Operating Lease Commitments as of September 30 <i>(dollars in thousands)</i>								
	2004				2003			
Fiscal Year	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2004	\$ –	\$ –	\$ –	\$ –	7,070	1,131	172	8,373
2005	6,408	1,111	196	7,715	7,363	1,162	174	8,699
2006	6,614	1,151	203	7,968	7,668	1,193	176	9,037
2007	6,827	1,190	211	8,228	7,985	1,226	178	9,389
2008	7,047	1,231	219	8,497	8,315	1,261	181	9,757
2009	7,274	1,274	227	8,775	–	–	–	–
Total	<u>\$34,170</u>	<u>\$5,957</u>	<u>\$1,056</u>	<u>\$41,183</u>	<u>\$38,401</u>	<u>\$5,973</u>	<u>\$881</u>	<u>\$45,255</u>

Note 8: Workers' Compensation

The Corporation's actuarial liability for future workers' compensation benefits (FECA) was \$12.4 million and \$12.5 million as of September 30, 2004 and 2003, respectively. The amount includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The actuarial liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds.

Note 9: Net Position

Net Position by Fund Balance Components <i>(dollars in thousands)</i>				
As of September 30, 2003				
	Gift Fund	Trust Fund	Appropriated Fund	Total
Unexpended appropriations	\$ —	\$ —	\$665,353	\$665,353
Cumulative results of operations	650	1,421	(19,037)	(16,966)
Total Net Position	<u>\$650</u>	<u>\$1,421</u>	<u>\$646,316</u>	<u>\$648,387</u>

The reported net position consists of unexpended appropriations and cumulative results of operations (cumulative results of operations represents the differences between revenues and expenses since the Corporation's inception). Component balances are separately maintained for the Gift Fund, Trust Fund and Appropriated Fund.

Net Position by Fund Balance Components <i>(dollars in thousands)</i>				
As of September 30, 2004				
	Gift Fund	Trust Fund	Appropriated Fund	Total
Unexpended appropriations	\$ —	\$ —	\$789,055	\$789,055
Cumulative results of operations	867	103,551	(19,413)	85,005
Total Net Position	<u>\$867</u>	<u>\$103,551</u>	<u>\$769,642</u>	<u>\$874,060</u>

Note 10: Appropriations Received by the Trust Fund

FY 2004 appropriations received by the Trust Fund were \$205.4 million, composed of a \$130 million Trust appropriation (less \$767 thousand Trust portion of the rescission to NCSA pursuant to the Miscellaneous Appropriations and Offsets Act of 2004); a \$63.1 million deficiency appropriation included in the 2003 Emergency Wartime Supplemental Appropriation Act (P.L. 108-11) which was received in FY 2004; and \$13.1 million transferred from program funds pursuant to the 2004 Consolidated Appropriations Act (P.L. 108-199). FY 2003 appropriations received by the Trust Fund were \$99.35 million (\$100 million less \$650 thousand Trust portion of the rescission to NCSA per Public

Law 108-7). The Trust portion of the NCSA rescissions were transferred back to NCSA, reducing the net amount of appropriations received by the Trust Fund during each fiscal year.

Note 11: Expenses

Using an appropriate cost accounting methodology, the Corporation's expenses have been allocated among its major programs:

AmeriCorps is the national service program that annually engages Americans of all ages and backgrounds in full-time and sustained part-time community service and provides education awards in return for such service. AmeriCorps includes State, National, Tribes & Territories (State/National); National Civilian Community Corps (NCCC); and Volunteers In Service To America (VISTA) programs. The State/National sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations. The NCCC sub-program includes direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations. The VISTA sub-program includes grant expenses, as well as direct and allocated personnel and administrative costs including AmeriCorps recruitment and Trust operations.

The **National Senior Service Corps** (Senior Corps) is a network of people age 55 and older who participate in the Foster Grandparent Program (FGP), the Senior Companion Program (SCP), and the Retired and Senior Volunteer Program (RSVP). These programs tap the experience, skills, talents, and creativity of America's seniors. The Senior Corps responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs for RSVP, FGP, and SCP. Costs for each sub-program are reported separately in the table.

Learn and Serve America supports and promotes service learning in schools, universities, and communities. Through structured service activities that help meet community needs, about 1.1 million students improve their academic learning, develop personal skills, and practice responsible citizenship. The Learn & Serve responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Learn and Serve America Program, the President's Student Service Challenge, and National Service Leader Schools. The President's Freedom Scholarships are a component of the National Service Award expense line item.

Other Program Costs

The National Service Award line item consists of the Corporation's estimated expense for education awards based on the increase in its service award liability during the year, interest forbearance costs on qualified student loans during the period members perform community service, as well as disbursements for the Presidential Freedom Scholarship Program. No indirect costs have been allocated to this line item.

The Corporation's annual appropriation includes various Congressionally Earmarked Grants. In addition, the Corporation has reimbursable agreements with state agencies whereby the Corporation awards and administers grants to a list of grantees selected and funded by the State. No indirect costs have been allocated to these grants.

The Office of Inspector General (OIG) receives a separate appropriation. No indirect costs have been allocated to the OIG.

The largest component of total expense is grant funds expended.

Note 12: National Service Award Expense

Members participating in the Trust programs are eligible to earn a service award to pay for qualified education expenses. The Trust also pays interest

Components of Grant Funds Expended for the years ended September 30		
<i>(dollars in thousands)</i>		
	2004	2003
Domestic Volunteer Service Act Programs	\$250,490	\$231,442
National and Community Service Act Programs	213,386	352,446
Earmarked Grants		
Congressionally Earmarked Grants	\$17,210	\$26,688
DVSA State Grants	<u>1,202</u>	<u>1,211</u>
Total Earmarked Grants	18,412	27,899
Total Grants Expense	<u>\$482,288</u>	<u>\$611,787</u>

Expenses by Major Responsibility Segment for the years ended September 30		
<i>(dollars in thousands)</i>		
	2004	2003
AmeriCorps		
State, National, Tribes & Territories (State/National)	\$294,255	\$390,991
National Civilian Community Corps (NCCC)	33,056	36,640
Volunteers In Service To America (VISTA)	<u>127,660</u>	<u>114,308</u>
Subtotal	\$454,971	\$541,939
National Senior Service Corps		
Retired and Senior Volunteer Program (RSVP)	66,312	65,090
Foster Grandparent Program (FGP)	122,797	126,378
Senior Companion Program (SCP)	<u>\$ 51,666</u>	<u>\$ 50,087</u>
Subtotal	240,775	241,555
Learn and Serve America	45,155	71,334
Total Earmarked Grants	18,412	27,899
Office of Inspector General (OIG)	5,017	4,228
Total Expenses	<u>\$764,330</u>	<u>\$886,955</u>

Type	AmeriCorps				National Senior Service Corps				Learn & Serve	Earmarked Grants	OIG	Total
	State/ National	NCCC	VISTA	RSVP	FGP	SCP	Learn & Serve	Earmarked Grants				
Expenses by Type and Subprogram for the year ended September 30, 2004 <i>(dollars in thousands)</i>												
Grant and Related Expense												
Grant funds expended	\$175,981	\$ -	\$ 28,836	\$60,667	\$113,334	\$47,653	\$37,405	\$18,412	\$ -	\$482,288		
VISTA & NCCC stipends & benefits	-	7,960	62,488	-	-	-	-	-	-	70,448		
Service award expense	89,674	3,382	15,775	-	-	-	3,299	-	-	112,130		
Total Grant and Related Expense	265,655	11,342	107,099	60,667	113,334	47,653	40,704	18,412	-	664,866		
Administrative Expense												
Federal employee salaries & benefits	17,716	9,903	7,185	3,198	5,973	2,506	2,959	-	2,337	51,777		
Travel & transportation	822	2,933	5,564	197	341	138	130	-	76	10,201		
Rent, communications, & utilities	2,230	2,011	784	421	787	331	242	-	265	7,071		
Program analysis & evaluation	552	501	501	159	294	124	376	-	-	2,507		
Printing & reproduction	58	101	41	31	37	10	9	-	-	287		
Other services	6,323	5,403	5,944	1,441	1,663	755	576	-	2,296	24,401		
Supplies & materials	297	711	354	81	154	64	54	-	43	1,758		
Depreciation & amortization	305	24	113	64	120	50	41	-	-	717		
Bad debt	154	4	49	33	61	26	20	-	-	347		
Other	143	123	26	20	33	9	44	-	-	398		
Total Administrative Expense	28,600	21,714	20,561	5,645	9,463	4,013	4,451	-	5,017	99,464		
Total Expenses by Type	\$294,255	\$33,056	\$127,660	\$66,312	\$122,797	\$51,666	\$45,155	\$18,412	\$5,017	\$764,330		

Type	Expenses by Type for the year ended September 30, 2003 (dollars in thousands)											
	AmeriCorps			National Senior Service Corps					Learn & Serve	Earmarked Grants	OIG	Total
	State/ National	NCCC	VISTA	RSVP	RFP	SCP	SCP					
Grant and Related Expense												
Grant funds expended	\$270,576	\$ -	\$ 25,742	\$60,482	\$117,698	\$46,624	\$62,766	\$27,899	\$ -	\$ -	\$611,787	
VISTA & NCCC stipends & benefits	-	8,280	58,254	-	-	-	-	-	-	-	66,534	
Service award expense	<u>87,674</u>	<u>5,617</u>	<u>13,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,578</u>	
Total Grant and Related Expense	358,250	13,897	97,388	60,482	117,698	46,624	65,661	27,899	-	-	787,899	
Administrative Expense												
Federal employee salaries & benefits	20,208	9,523	5,876	2,778	5,392	2,147	3,568	-	1,808	51,300		
Travel & transportation	769	3,128	5,292	113	218	95	218	-	56	9,890		
Rent, communications, & utilities	2,482	2,210	591	354	688	273	410	-	283	7,291		
Program analysis & evaluation	1,518	-	-	151	294	117	367	-	-	2,447		
Printing & reproduction	103	113	221	79	66	32	14	-	-	628		
Other services	6,328	6,104	4,407	897	1,575	621	827	-	2,046	22,808		
Supplies & materials	230	1,548	280	62	118	48	70	-	32	2,388		
Depreciation & amortization	568	12	123	92	178	71	95	-	-	1,139		
Bad debt	193	4	41	31	61	24	32	-	-	386		
Other	<u>342</u>	<u>101</u>	<u>89</u>	<u>51</u>	<u>89</u>	<u>35</u>	<u>72</u>	<u>-</u>	<u>3</u>	<u>779</u>		
Total Administrative Expense	32,741	22,743	16,920	4,608	8,680	3,463	5,673	-	4,228	99,056		
Total Expenses by Type	\$390,991	\$36,640	\$114,308	\$65,090	\$126,378	\$50,087	\$71,334	\$27,899	\$4,228	\$886,955		

forbearance costs on qualified student loans during the period members perform community service. The Corporation estimates the expense for national service awards based on the increase in its cumulative service award liability during the year (see Note 6). The total service award liability as of September 30, 2004 and 2003, respectively, has been adjusted to reflect the fact that earned awards are not always used.

National Service Award Expense for the years ended September 30 <i>(dollars in thousands)</i>		
	2004	2003
Estimated education awards	\$106,245	\$104,581
Estimated interest forbearance	2,586	2,102
President's Freedom Scholarship Program	3,299	2,895
National Service Award Expense	<u>\$112,130</u>	<u>\$109,578</u>

Note 13: Increase/(Decrease) in Unexpended Appropriations

Increase/(Decrease) in Unexpended Appropriations, Net as of September 30 <i>(dollars in thousands)</i>		
	2004	2003
Increases:		
Appropriations received, net of trust	\$ 940,918	\$791,205
Prior year deficiency appropriation	63,055	—
Total Increases	<u>1,003,973</u>	<u>791,205</u>
Decreases:		
Appropriated capital used, net of trust	(644,171)	(768,005)
Appropriations received by trust	(205,389)	(99,350)
Rescinded appropriations, net of trust	(5,553)	(53,143)
Canceled appropriations	<u>(25,158)</u>	<u>(12,733)</u>
Total Decreases	<u>(880,271)</u>	<u>(933,231)</u>
Increase/(Decrease) in Unexpended Appropriations, Net	<u>\$ 123,702</u>	<u>\$(142,026)</u>

Note 14: Contingencies

Contingencies

The Corporation is a party to various routine administrative proceedings, legal actions, and claims brought by or against it, including threatened or pending litigation involving labor relations claims, some of which may ultimately result in settlements or decisions against the Corporation. In the opinion of the Corporation's management and legal counsel, there are no proceedings, actions, or claims outstanding or threatened that would materially impact the financial statements of the Corporation.

Judgment Fund

Certain legal matters to which the Corporation is named a party may be administered and, in some instances, litigated and paid by other Federal agencies. Generally, amounts paid in excess of \$2.5 thousand for Federal Tort Claims Act settlements or awards pertaining to these litigations are funded from a special appropriation called the Judgment Fund. Although the ultimate disposition of any potential Judgment Fund proceedings cannot be determined, management does not expect that any liability or expense that might ensue would be material to the Corporation's financial statements.

Note 15: Reclassification of Expenses

During FY 2004 the Corporation began sub-allocating costs within each of its responsibility segments (AmeriCorps, National Senior Service Corps, and Learn and Serve America) to their major sub-programs. These immaterial reclassifications were for presentation purposes only and did not change total expenses. However, administrative costs allocated to each responsibility segment in the FY 2003 financial statements were adjusted as a result of the revised methodology.

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

**AUDIT OF THE
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE'S
FISCAL YEAR 2004 FINANCIAL STATEMENTS**

**Audit Report Number 05-01
October 29, 2004**



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on November 12, 2004. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 12, 2005, and complete its corrective actions by November 12, 2005. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

Office of Inspector General Summary Audit of the Corporation for National and Community Service's Fiscal Year 2004 Financial Statements Audit Report 05-01

In accordance with the Government Corporation Control Act (31 U.S.C. §§ 9101-10), the Office of Inspector General (OIG) engaged Cotton and Company LLP to audit the Corporation for National and Community Service's fiscal year 2004 financial statements. This report presents the results of the audit. In summary:

- Cotton and Company's opinion on the financial statements is unqualified. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and results of operations of the Corporation.
- Cotton and Company considered certain matters involving the internal control over financial reporting and its operations to be a reportable condition. For the fourth consecutive year, the Corporation's monitoring of grantee activities is considered to be a reportable condition. However, Cotton and Company does not consider this reportable condition, more specifically described in Exhibit 1, to be a material weakness.
- Cotton and Company found no instances of material noncompliance with laws and regulations that would have a direct and material effect on the financial statements.

We provided a draft of this report to Corporation management for review and comment. The Corporation's response indicates that the clean opinion received reflects the continued hard work over the past two years to improve the Corporation's operations and regain the trust of Congress. The Corporation recognizes that grant monitoring must be improved, and has created a new position, Director of Grants Oversight and Monitoring, to manage grant monitoring across programs. The Corporation's response is presented in its entirety as Appendix A.



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Senior Corps ★ AmeriCorps ★ Learn and Serve America



COTTON & COMPANY LLP

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Inspector General
Board of Directors
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Statements of Financial Position of the Corporation for National and Community Service (Corporation) as of September 30, 2004, and September 30, 2003, and the related Statements of Operations and Changes in Net Position, Budgetary Resources, and Cash Flows for the years ended September 30, 2004, and September 30, 2003. These financial statements are the responsibility of Corporation management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation at September 30, 2004, and September 30, 2003, and the results of its operations and changes in its net position, budgetary resources, and cash flows for the years ended September 30, 2004, and September 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 29, 2004, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with provisions of laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards* and, in considering the results of our audit, those reports should be read together with this report.

Information listed in sections A, B and C (except for pages C-187 through C-229) in the accompanying table of contents for the Corporation's Performance and Accountability Report is not a required part of the financial statements. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 29, 2004
Alexandria, Virginia

COTTON & COMPANY LLP

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Inspector General
Board of Directors
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2004, and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing the September 30, 2004, audit, we considered the Corporation's internal control over financial reporting by obtaining an understanding of the Corporation's internal control, determining if internal controls had been placed in operation, assessing control risk, and performing tests of controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. We limited internal control testing to those controls necessary to achieve the objectives described in *Government Auditing Standards*. The objective of our audit was not to provide assurance on the Corporation's internal control. Consequently, we do not provide an opinion on internal control over financial reporting.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls over financial reporting that, in our judgment, could adversely affect the Corporation's ability to record, process, summarize, and report financial data consistent with assertions by management in the financial statements. Material weaknesses are conditions in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected.

We noted one matter, described in Exhibit 1, involving internal control over financial reporting and its operation that we consider to be a reportable condition. We do not consider this reportable condition to be a material weakness. The status of prior-year reportable conditions is reported in Exhibit 2.

We also noted other matters involving internal control and its operation that we will report to Corporation management in our management letter, which will be issued as OIG Audit Report 05-02.

We have provided a draft of this report to the Corporation. The Corporation's response to our report is included as Appendix A.

As required by the Government Corporation Control Act, this report is intended solely for the information and use of the United States Congress, the President, the Director of the Office of Management and Budget, the Comptroller General of the United States, the Corporation, and the Inspector General. It is not intended for, and should not be used by, anyone other than these specified parties.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 29, 2004
Alexandria, Virginia

Exhibit 1
Corporation for National and Community Service
Reportable Condition
September 30, 2004

Grants Management

The Corporation for National and Community Service (Corporation) awards National and Community Service Act (NCSA) and Domestic Volunteer Service Act (DVSA) grants to State and local governments, institutions of higher education, and other nonprofit organizations. The Corporation expends the majority of its appropriated funds on grants, and grant activities result in the most significant components of the Corporation's financial statements. It is critical that the Corporation monitor grantee activity closely to ensure that grantees are complying with applicable laws and regulations related to the administration of grant awards. Grantees are required to expend funds for allowable costs and to provide periodic reports to the Corporation to demonstrate programmatic financial compliance with the terms of their respective grant agreements. As part of its grant monitoring program, the Corporation conducts site visits to ensure that grantees are complying with their grant agreements, and that State commissions are performing their prescribed duties.

The following weaknesses were noted in the Corporation's internal control over grants management.

Improvement Needed In Monitoring Grantee Activities

The Corporation has established formal grantee monitoring procedures that include periodic site visits to grantees; a process for obtaining, reviewing, and issuing management decisions on audit findings reported by the OIG, as well as by non-federal auditors in OMB Circular A-133 single audit reports; training conferences for grantee personnel; open lines of communication between program managers and grantees; and a grant closeout process. For DVSA grants, the Corporation utilizes the Senior Corps Compliance Monitoring Handbook. For NCSA grants, the State Commission Administrative Standards review is the primary tool for monitoring State commission grantees. The Corporation also has a separate monitoring tool for National Direct grantees.

While it was noted that the various program offices have each taken steps to implement the recommendations discussed in the prior year's internal control report, the Corporation's monitoring activities require further improvement in order to provide adequate controls over grantee activities. The prior year's reportable condition noted a number of instances where the Corporation was not adhering to its own policies. It was not performing site visits and other monitoring efforts on a timely basis, and the Corporation did not ensure that grantees submitted all required programmatic and fiscal reports on a timely basis. The recommendations to address these findings included the reevaluation of policies and procedures for conducting monitoring visits and the implementation of a risk assessment approach to selecting grantees for monitoring visits.

During the past fiscal year, the program offices have developed and implemented a risk assessment of grantees. However, of those State commissions and National Direct grantees identified by the risk assessment process as high risk, the Corporation conducted very few monitoring visits. Further, we believe that improvements need to be made to the risk assessment process to adequately document both the criteria used in assessing risk, as well as the steps performed to reach conclusions on the level of risk. This lack of criteria for performing risk assessments contributed to a number of instances where different program officers conducted assessments inconsistently. The Senior Corps program officers increased their site visits substantially by conducting site visits of nearly all grantees during Fiscal Year 2004. However,

there was a lack of adequate documentation as to the scope of testing and specific procedures performed by Senior Corps program officers in reaching their conclusions.

Recommendations

We recommend that:

- The Corporation's risk assessment should be based on consistently implemented criteria. The assessment should include the reasons justifying a risk rating and how the conclusion was reached. Documentation to support each risk assessment should be maintained to prevent the loss of institutional knowledge.
- After completion of the assessment tool, any further discussion by Corporation management, regarding the selection and prioritization of AmeriCorps*State grantees for monitoring visits should be adequately documented.
- The Corporation should prioritize monitoring visits based on a risk-based selection process, maintain a site visit travel schedule based on risk, and monitor progress made in completing these visits.
- The Corporation should develop monitoring policies to document what constitutes an acceptable, substantive review of grantees, in lieu of performing site visits. These activities include, but are not limited to, desk reviews, technical assistance, training, OIG reviews and audits, grantee audits, and other relevant monitoring activities performed by grant managers, program offices, the OIG, and external contractors.
- The Corporation should improve coordination between grant managers, program offices, and the OIG. The Corporation has created a new position of Director of Grants Oversight and Monitoring, which should be filled as soon as possible. The Director of Grants Oversight and Monitoring should establish consistent policies and procedures across Corporation programs and coordinate all monitoring efforts.

Exhibit 2
Status of Prior-Year Reportable Conditions
September 30, 2004

FY 2003 Finding	Type	FY 2004 Status
Monitoring of Grantee Activities	2001: Reportable Condition 2002: Reportable Condition 2003: Reportable Condition	Monitoring of grantee activities continues to be a reportable condition.

COTTON & COMPANY LLP

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Inspector General
Board of Directors
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2004, and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance that the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Providing an opinion on compliance with those provisions was not, however, an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This audit was performed pursuant to the Government Corporation Control Act, and is intended solely for the information and use of the United States Congress, the President, the Director of the Office of Management and Budget, the Comptroller General of the United States, the Corporation, and the Inspector General. It is not intended for, and should not be used by, anyone other than these specific parties.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 29, 2004
Alexandria, Virginia

APPENDIX A

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE RESPONSE

November 5, 2004

The Honorable J. Russell George
Inspector General
Corporation for National
and Community Service
Suite 830
Washington, DC 20525

Dear Mr. George:

Thank you for the opportunity to comment on the draft report on the audit of the Corporation's fiscal 2004 financial statements. I am pleased that the Corporation continues to receive a clean opinion on its financial statements. These results demonstrate the Corporation's commitment to sound financial management and reflect the result of the hard work by staff to improve the Corporation's operations.

I am also pleased that the audit noted that the Corporation's program offices have taken positive steps to address prior audit recommendations including developing and implementing a risk based approach to grantee monitoring. The fiscal 2004 audit makes several recommendations to further improve the monitoring of grantees. The Corporation agrees with these recommendations and will implement them over the course of the next year.

The Corporation is committed to improving and strengthening its oversight of grantees. To oversee this effort the Corporation has established a new position, Director of Oversight and Monitoring. The Director will be responsible for coordinating grantee monitoring and oversight across all program streams. In addition, the Corporation established an Award Oversight and Monitoring Council comprised of senior staff to ensure that the Corporation exercises uniformly excellent financial, administrative and programmatic award oversight and supports grantee success through effective compliance monitoring and training and technical assistance. The initial tasks of the Council are to assist in the hiring of the new Director and develop the fiscal 2005 oversight and monitoring plan. These tasks will be informed by the recommendations in the audit report.

I would also like to express my appreciation for the efforts that your staff and the staff of Cotton & Company made on the fiscal 2004 audit. Without this collaborative effort we would not have been able to achieve the expedited deadline for completing the audit.

Sincerely,



David Eisner
Chief Executive Officer



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

**AUDIT OF THE
CORPORATION FOR NATIONAL AND COMMUNITY
SERVICE'S NATIONAL SERVICE TRUST
SCHEDULE OF FISCAL 2004 BUDGETARY
RESOURCES AND OBLIGATIONS**

**Audit Report Number 05-03
October 29, 2004**



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on November 12, 2004.



OFFICE OF INSPECTOR GENERAL

Office of Inspector General Summary
Audit of the Corporation for National and Community Service's
National Service Trust
Schedule of Fiscal 2004 Budgetary Resources and Obligations
Audit Report 05-03

In accordance with the Strengthen AmeriCorps Program Act, the Office of Inspector General (OIG) engaged Cotton and Company LLP to audit the Corporation for National and Community Service's National Service Trust Schedule of Fiscal 2004 Budgetary Resources and Obligations. The Strengthen AmeriCorps Program Act requires an independent annual audit of the accounts of the Corporation relating to the appropriated funds for approved national service positions, and the records demonstrating the manner in which the Corporation has recorded Trust obligations.

The Strengthen AmeriCorps Program Act directs that, beginning in fiscal year 2003, Trust obligations be recorded at the time the Corporation enters into an enforceable agreement with a National Civilian Community Corps (NCCC) member, or a member of Volunteers in Service to America (VISTA). In addition, the Act requires the Corporation to record Trust obligations when it awards a grant to an AmeriCorps State and National program. The Act also directs that the obligational amount be based on the estimated value of the education benefit, factoring in enrollment estimates, earning and usage rates, and the time value of money. The Act further requires the Corporation to establish a reserve account in the event that estimates used to calculate obligational amounts are insufficient to pay for education awards.

In summary, Cotton and Company concluded that the Corporation's Schedule of National Service Trust Schedule of Fiscal 2004 Budgetary Resources and Obligations presents fairly, in all material respects, the budgetary resources and obligations for the year ended September 30, 2004.



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Inspector General
Board of Directors
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying National Service Trust Schedule of Fiscal Year 2004 Budgetary Resources and Obligations of the Corporation for National and Community Service (Corporation) for the year ended September 30, 2004. This schedule is the responsibility of Corporation management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the schedule of budgetary resources and obligations is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the schedule of budgetary resources and obligations. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule of budgetary resources and obligations was prepared for the purpose of complying with the provisions of the Strengthen AmeriCorps Program Act (Pub. L. No. 108-45), as discussed in Note A, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the National Service Trust Schedule of Fiscal Year 2004 Budgetary Resources and Obligations referred to above presents fairly, in all material respects, its budgetary resources and obligations for the year ended September 30, 2004, on the accounting basis described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our reports, dated October 29, 2004, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with provisions of laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the United States Congress, the President, the Director of the Office of Management and Budget, the Comptroller General of the United States, the Corporation, and the Inspector General. It is not intended for, and should not be used by, anyone other than these specified parties.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 29, 2004
Alexandria, Virginia

NATIONAL SERVICE TRUST FISCAL 2004 BUDGETARY RESOURCES

Corporation for National and Community Service National Service Trust Schedule of Fiscal 2004 Budgetary Resources and Obligations As of September 30, 2004 <i>(dollars in thousands)</i>		
Resources		
Funds Available for Award, Beginning of Year	\$ 9,979	
Fiscal 2004 Appropriation	130,000	
Transfer from Fiscal 2004 Program Appropriation	13,101	
Trust Reserve	(9,941)	
Rescissions	<u>(767)</u>	
Total Resources Available for Obligation		\$ 142,372
2004 Obligations		
Education Awards	(127,090)	
Interest Forbearance	(6,851)	
President's Freedom Scholarships	<u>\$ (3,299)</u>	
Total Obligations		<u>(137,240)</u>
Funds Available for Award, End of Year		\$ <u>5,132</u>

NOTES TO THE SCHEDULE

A. Basis of Accounting

The Schedule of Fiscal 2004 Budgetary Resources and Obligations for the National Service Trust (Trust) has been prepared from the books and records of the Corporation in accordance with the Strengthen AmeriCorps Program Act (Public Law 108-45, 42 USC § 12605) for the period commencing October 1, 2003 and ending September 30, 2004.

The activities of the Trust are funded through the Veterans Affairs, Housing and Urban Development, and Independent Agencies bill, which funds National and Community Service Act programs. Appropriations are provided on a no-year basis for the Trust, a fund within the Corporation used to provide education awards to eligible participants. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education award purposes.

The Trust provides awards for AmeriCorps members serving in approved national service positions under AmeriCorps*State and National, AmeriCorps*NCCC, and AmeriCorps*VISTA, as well as for the AmeriCorps Education Award Program, where sponsoring organizations are responsible for providing member subsistence and other costs, and the Corporation provides an education award and a small amount for administrative costs.

Funds from the Trust may be expended for the purpose of providing an education award or interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant, as well as for payments under the President's Freedom Scholarship Program.

The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. Budgetary accounting principles are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The Strengthen AmeriCorps Program Act directs that, beginning with fiscal 2003, Trust obligations be recorded at the time the Corporation enters into an enforceable agreement with an individual participant to serve in a program carried out under subtitle E of title I of the National and Community Service Act of 1990 (42 USC § 12611 *et seq.*), or title I of the Domestic Volunteer Service Act of 1973 (42 USC § 4951 *et seq.*), or awards a grant to (or enters into a contract or cooperative agreement with) an entity to carry out a program for which such a position may be approved under section 123 of the Act (42 USC § 12573). The Strengthen AmeriCorps Program Act also directs that the obligational amount be based on the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rates, and the time value of money.

For fiscal 2004, the Corporation used the following assumptions to calculate Trust obligations and budgetary needs: full value of the education award, 100 percent enrollment rate, 80 percent earning rate, and 80 percent usage rate. These enrollment, earning, and usage rates are more conservative than historical rates used previously in determining the Corporation's budgetary needs.

B. Trust Appropriation for Program Year 2004

The program year 2004 Trust appropriation was composed of a \$130 million appropriated in the 2004 Consolidated Appropriations Act (P.L. 108-199) less the \$767 thousand Trust portion of the rescission to NCSA pursuant to the Miscellaneous Appropriations and Offsets Act of 2004. In addition, \$13.1 million was transferred from program appropriations to the Trust pursuant to the 2004 Consolidated Appropriations Act (P.L. 108-199).

C. Trust Reserve

As required by the Strengthen AmeriCorps Program Act, in fiscal 2004 the Corporation set aside in reserve a portion of the funds appropriated to the Trust in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. As of September 30, 2004, \$9.9 million of the amount originally appropriated to the Trust in 2004 had been set aside for this reserve. The total amount held in reserve under this provision for 2003 and 2004 was \$19.9 million as of September 30, 2004.

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Inspector General's Statement of Management Challenges

Challenge 1: Grant Monitoring and Management

The Corporation awards nearly \$700 million annually in grants to State commissions, nonprofits, community-based organizations, schools, and other civic organizations. The grants support the Corporation's mission of providing opportunities to Americans of all ages to engage in service that addresses the nation's educational, public safety, environmental, and other human needs. Monitoring such an extensive, nationwide grant-making operation efficiently and effectively presents a major challenge to the Corporation.

Since the Corporation spends the majority of its appropriated funds on grants, it is critical that the Corporation monitor grant activity closely to ensure that grantees are complying with applicable Federal laws and regulations related to the administration of grant awards. The Corporation's flagship program, AmeriCorps, is the largest recipient of the Corporation's appropriated funds. Three-quarters of AmeriCorps monies are awarded to State commissions, which, in turn, select and fund subgrantees that execute the programs. The Corporation is required to monitor these State commissions to ensure compliance with grant agreements, and ensure that State commissions are performing their prescribed duties.

As the main recipient of Corporation awards, the State commissions have been the focus of the vast majority of OIG audits. These State commission audits, as well as audits of other grantees, have identified several recurring problems that the Corporation needs to address, including:

- Grantees and subgrantees continue to fail to submit Financial Status Reports, progress reports, and member enrollment and exit forms in a timely manner.
- Grantees and subgrantees are unable to meet matching requirements or to provide documentary support for the reported matching contribution of non-Federal funds.
- State commission monitoring of subgrantees needs to be improved.
- The Corporation needs to emphasize to grantees the importance of conducting criminal background checks on potential members, and needs to clarify the grant provisions requiring background checks.

- Grantees and subgrantees are not maintaining sufficient time-keeping records for employees.

To improve grant management, the Corporation needs to emphasize to all State commissions and other grantees the importance of complying with the requirements that accompany the receipt of Federal funds. The Corporation should work with the State commissions and grantees to ensure that each understands these requirements and can effectively implement them.

The conclusion drawn from the audits of State commissions and other grantees that grantee monitoring needs improvement has been reinforced by the OIG's annual audit of the Corporation's financial statements. During the audit of the FY 2003 financial statements, the OIG found for the third consecutive year¹ that the Corporation's monitoring of grantee activities was a reportable condition.² Specifically:

- The Corporation did not conduct site visits of 15 of 52 State commissions within the prescribed three-year period. Of these 15, six State commissions were also identified as needing a site visit in the fiscal year 2002 financial statements audit;
- The Corporation did not conduct site visits of 53 of 1,400 Senior Corps grantees within the prescribed three-year period;
- Reports on site visit findings were not provided to 189 of 606 grantees within the prescribed 20-day period following the visits; and
- Progress reports, which describe program status and milestone achievements of grantees, were not always submitted to Corporation State offices as required.

The OIG's financial statements audit report contains four recommendations to improve the Corporation's grantee monitoring:

- The Corporation should consider reevaluating its policies and procedures to implement a risk-based approach for conducting site visits to State commissions, and the Corporation should comply with those procedures.
- Corporation State offices should better track the results of site visits and maintain visit schedules for Senior Corps grantees.
- The Corporation should provide grantees with timely feedback from site visits. Corporation management should consider the timeliness of site visit report submissions when evaluating its staff.
- Corporation State offices should more closely monitor whether progress reports have been filed and follow up on delinquent reports.

During the annual audit of the Corporation's financial statements, the auditors also became aware of two issues related to grant monitoring that presented opportunities for the Corporation to strengthen internal controls and operational efficiency. First, the auditors found that the Corporation should ensure that reviews of the Federal audit clearinghouse database are conducted regularly to identify grantees with weaknesses and compliance problems prior to the award of a grant. Second, grant closeout procedures are not always followed, preventing grants from being closed out in a timely manner. We recommended that the Corporation develop a consistent method for identifying expired grants and performing a timely closeout of these grants.

By implementing the recommendations on grant monitoring contained in the OIG reports noted above, the Corporation can enhance program efficiency and decrease the potential for fraud, waste, and abuse of Federal tax dollars.

Challenge 2: Financial Management

For the fifth consecutive year, the Corporation received unqualified (i.e., clean) opinions on its financial statements: the Statement of Financial Position, the Statement of Operations and Changes in Net Position, and the Statement of Cash Flows. In addition, this year the Corporation added a comparative Statement of Budgetary Resources as one of its principle statements. The Corporation also received a clean opinion on this statement. However, monitoring of grantee activities, as discussed in Challenge 1, remained a reportable condition.

While the Corporation has made progress over the last year, several financial management areas continue to present challenges, including:

The National Service Trust

The primary purpose of the National Service Trust is to fund education awards earned by AmeriCorps members who complete a designated term of service. The fiscal integrity of the Trust has improved substantially since 2002, when the Corporation violated the Anti-Deficiency Act by approving more AmeriCorps members than the Trust could support. To help prevent a recurrence, the OIG audited the Trust's budgetary resources and obligations in FY 2003, and our audit concluded that the Trust accounts are fairly stated. However, the management of the Trust still requires improvement.

As identified in the OIG's 2003 financial statements audit and in the Government Accountability Office's report on the National Service Trust,³ discrepancies exist in the member data the Corporation uses for the Trust. Inaccuracies in member information could cause errors in the disbursement of education awards and inaccurate computation of the Trust liability. In addition, member exit information and education award payments are not always processed in a timely manner. These delays can result in a misstatement of the Trust liability.

Government Travel Charge Cards

The Corporation has issued travel charge cards to employees who are frequent travelers to pay for transportation, lodging, meals, and other reimbursable expenses while on official travel. The cards should only be used for authorized expenses related to official travel. In FY 2001, the OIG initiated a review of Corporation employee use of the travel charge card. We identified more than 50 employees suspected of misusing the cards for personal benefit. Since that review, the OIG has revisited this issue annually and has identified fewer employees who have misused the card. We credit the Corporation's improved training of employees on the appropriate uses of the government travel charge card, but the potential for abuse remains a challenge requiring continued Corporation vigilance.

Other Financial Management Areas

- **The Gift Fund** – The Corporation's Gift Fund was created to receive donations from individuals and organizations to further national service. The OIG audited the Gift Fund and determined that it was fairly presented on the Corporation's financial statements. Yet, the audit identified several instances of noncompliance with Corporation policies, and recommended that internal controls on Gift Fund expenditures be improved.
- **Accounts Receivable and Debt Collection** – Certain policies relating to accounts receivable and debt collection were either not documented or not followed. We recommended that the Corporation document policies related to accounts receivable and consistently apply policies related to debt collection.
- **Vendor Payments** – Payments to vendors were not always disbursed in a timely manner. Delays in payments to vendors were traced to the Corporation's procedure, which requires several offices to verify contracts to ensure that goods and/or services have been provided before payments are made. We recommended that the Corporation place stricter controls on responsible offices, reemphasize the importance of timely payments,

examine offices with delinquent payments, and resolve bottlenecks in the disbursement process.

Challenge 3: Human Capital

The strategic management of human capital is one of the most important challenges facing the Corporation. To fulfill its mission, the Corporation must hire, train, and retain competent personnel. The Corporation operates under an Alternative Personnel System (APS) that is exempt from most of the provisions of Title 5 of the United States Code and other statutes that govern Federal employees. In 2003, the OIG issued a review that assessed the strengths and weaknesses of the APS, employee perceptions of the APS, the equal employment opportunity climate at the Corporation, and options for APS improvement.

In general, the report found that the APS has benefited the Corporation but has not been administered in a manner that optimizes its value. The report also found that many APS policies and procedures lacked clarity and were not understood by managers and employees. The APS also lacked credibility because some employees believed it was rife with favoritism. Furthermore, the roles of offices responsible for human resource decisions were not clear, and there appeared to be no “honest broker” whom employees trusted to resolve their concerns in a fair and honest manner. There was also a strong feeling among African-American employees that they were not treated equitably with regard to grade levels, promotions, salary increases, and disciplinary actions.

To address these issues, the report recommended that the Corporation take a number of actions, including:

- Improve communications to ensure that accurate information is conveyed to employees.
- Examine the APS to ensure that it is aligned with the Corporation’s strategic objectives.
- Create a Chief Human Capital Officer to oversee the APS and act as an “honest broker” in the organization.
- Clarify APS policies and the roles of offices involved in human resources decision-making.
- Conduct a detailed analysis of hiring, compensation, salary increases, promotions, awards, and disciplinary actions to identify areas where disparate treatment of employees may exist.
- Create an active diversity program to demonstrate the Corporation’s commitment to an inclusive culture.

- Provide APS training to executives, managers, and employees to dispel misconceptions about the system.

The Office of Personnel Management also conducted a human capital assessment of the Corporation and identified many of these same challenges. Since these reports were issued, the Corporation has made a visible, concerted effort to make human capital management a top priority. The Corporation has hired a Chief Human Capital Officer who has improved employee communications by holding periodic meetings to discuss personnel issues and by issuing a biweekly human capital update to employees. A Diversity Advisory Council has been established to help the Corporation address areas related to diversity. In addition, the Corporation has developed a preliminary strategic human capital plan that attempts to align human capital policies and practices with the Corporation's mission. While improvements have been made, the OIG recognizes the importance of this issue and plans to revisit the recommendations made in these reports to provide a complete assessment of the Corporation's progress.

Challenge 4: Information Security

The confidentiality and integrity of information systems are vital to the successful operation of the Corporation. Advancements in information technology have resulted in a number of benefits to the Corporation, such as information being processed more quickly and communicated almost instantaneously. However, these advancements have also increased the risk of fraud, inappropriate disclosure of sensitive data, and disruption of critical operations and services.

To address these concerns, Congress enacted the Federal Information Security Management Act of 2002 (FISMA). The FISMA provides a comprehensive framework to ensure that information resources supporting Federal operations and assets employ effective security controls. The FISMA requires the OIG to perform an independent security evaluation of the Corporation annually.

The OIG has performed the FISMA audit for FY 2004. The auditors commended the Corporation for taking the following steps to enhance its security program and address issues identified in the 2003 FISMA report:

- Provided staff access to a comprehensive library of current policies and procedures via the Corporation's Intranet.
- Initiated a proactive security awareness program.

- Conducted periodic network scans to identify vulnerabilities and take appropriate steps to mitigate risk.
- Installed an effective security incident reporting process that follows Federal policies.
- Completed effective configuration management of Corporation systems and assets.

The Corporation's noteworthy progress in 2004 is moderated, however, by one area that has shown little progress toward remediation. Our recent independent evaluation of the Corporation's information security identified a significant deficiency in the Corporation's annual testing and evaluation. The Corporation's major applications and general support system have not undergone complete testing and evaluation in the past 12 months. Failure to conduct annual testing and evaluation permits new threats and vulnerabilities to go undetected for an extended period of time. Furthermore, the absence of annual testing and evaluation poses a high risk to the Corporation's information security environment.

We commend the Corporation on the steps it has taken to enhance information security, but until this issue is addressed, the Corporation's information technology systems remain at risk.

Challenge 5: Performance Measurement

Over the past decade, the Federal government has intensified its focus on measuring the performance of government agencies. In 1993, Congress passed the Government Performance and Results Act of 1993 (GPRA) to increase agency accountability and improve the quality and delivery of government services. The GPRA requires agencies to set program goals, measure program performance against those goals, and report on agency progress. To further these purposes, the Administration announced *The President's Management Agenda* in 2001, which increased the focus on performance by formally integrating it with budget planning and reporting.

The Corporation funds a wide variety of community service activities through an extensive network of grantees and sub-grantees. Measuring the Corporation's performance depends on accurately assessing the performance of this network of grantees and aligning this information with the Corporation's goals and measures. Accurate and complete measurements of grantee performance are critical for evaluating the economy and efficiency of the Corporation, and its impact in communities across the nation.

Over the past few years, the Corporation has made advancements in three performance measurement areas. First, the Corporation has developed an Internet-based reporting system for AmeriCorps that allows grantees and subgrantees to collect performance information. Second, the Corporation has improved the quality of the performance data reported by grantees and subgrantees by providing training and technical assistance on using its Internet-based system. Finally, the Corporation's FY 2006 budget shows increased efforts in developing a performance-based budget that is more closely aligned with its goals and strategic objectives.

Despite these advancements, the Corporation continues to face some significant challenges that have been identified during the OIG's ongoing evaluation of AmeriCorps. For example, Corporation guidelines permit grantees and subgrantees to select their own performance measures and report on their progress through a variety of procedures and systems. The lack of specific, standardized performance criteria impairs the ability of the Corporation to use grantee performance information in reports to the President and Congress. Corporation guidance also requires grantees and subgrantees to only report on the top three activities they perform, potentially causing some important accomplishments to be underreported. In addition, the Corporation reviews performance information, but its computer systems are not structured to adequately track monitoring efforts to validate the accuracy of performance information. Correcting these deficiencies will enable Corporation management to more accurately measure the significant results and impact achieved by its grantees and subgrantees.

¹ The audit of the FY 2004 financial statements is currently underway. It appears, however, that the Corporation's grant monitoring, although improved from 2003, will again be identified as a reportable condition, making grant monitoring a reportable condition for four consecutive years.

² A reportable condition is an issue coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents a significant deficiency in the design or operation of internal controls that could adversely affect the Corporation's ability to meet its objectives.

³ Government Accountability Office, *Better Internal Control and Revised Practices Would Improve the Management of AmeriCorps and the National Service Trust* 12-15 (2004).

Corporation Response to the Management Challenges Identified by the Inspector General

In FY 2004, the Corporation has continued to make progress addressing a variety of management challenges at the same time that we are resource constrained. Senior management and the Board of Directors remain committed to ensuring that our programs are more accountable and effective. At all levels of the Corporation, we are reviewing our processes, benchmarking with other agencies, pulsing our customers and demanding excellence from our staff.

This year's OIG management challenges report does not adequately reflect the significant progress made by the Corporation over the past 18 months.

We understand that significant work remains to optimize program performance and ensure that the agency's internal management functions operate according to the highest standards of fiscal and operational accountability. Resource constraints make it increasingly difficult to meet increased demands for higher standards of accountability, especially in the highly decentralized grant programs administered by our agency. Nonetheless, in every area cited by the IG and in many more, the Corporation has begun to implement significant reforms – reforms that senior management and the Board of Directors are committed to seeing through.

Many of those reforms and strategic initiatives are discussed throughout this FY 2004 Performance and Accountability Report. In addition, we would like to respond to the specific points made by the OIG.

Grant Monitoring and Management

To build stronger oversight and management across all its programs, the Corporation recently established an Award Oversight and Monitoring Council comprised of senior staff. The Council's mission is to ensure that the Corporation exercises uniformly excellent financial, administrative and programmatic award oversight across its programs and supports awardees success through effective compliance monitoring, training and technical assistance. The initial tasks of the Council are to fill the new Director of Oversight and Monitoring position and develop the FY 2005

oversight and monitoring plan.

Risk-Based Monitoring

In FY 2004, the Corporation piloted a risk-assessment process to target site visits and established new administrative standards for the state commissions to assess their performance in overseeing service programs in their states. The Corporation also established new protocols for reviewing the commissions' performance. Under these protocols, the Corporation now will conduct a more in-depth review of a one-third sample of the commissions each year. Following the commission would have six months to bring the commission into compliance with any of the new administrative standards. The Corporation also will continue to review its grants monitoring process, including its risk-assessment approach, to identify further improvements.

Senior Corps Monitoring

The Corporation established a pilot tracking system for Senior Corps grantees in FY 2004. In FY 2005, this system will be revised, based on this first year of operation. The agency will improve the system's site visit tracking and documentation capability. This improved documentation capability will better enable the grants specialists to document the scope of their testing and the specific procedures they performed in reaching their conclusions regarding the grantees visited. The Corporation completed all scheduled Senior Crops site visits in FY 2004—nearly 1,000 of them—and will maintain rigorous adherence to its schedule of visits to Senior Corps grantees going forward.

Timely Feedback from Site Visits

In FY 2004, about 86 percent of the Corporation's Office of Grants Management site visit reports were submitted on time. The Corporation will continue to improve the timeliness of its reports by, for example, implementing planned improvements to the agency's computer technology (e.g., the replacement of desktop computers with laptops) to the extent that sufficient funding is available. The Corporation includes timeliness as a performance standard for its staff.

Grantee Reporting

During the transition to electronic submission of reports, several difficulties surfaced related to electronic tracking in eGrants. The

Corporation has developed solutions to these challenges and that will address these problems in FY 2005. We will incorporate the tracking of AmeriCorps member enrollment and exit forms into eGrants during its next phase of improvements. In addition, we will modify the eGrants system to support a comprehensive system of reminders and follow-up messages on financial and programmatic reports.

Grantee Matching Documentation

When grantees demonstrate that they cannot meet match requirements because of a lack of available funds at the local community level, the Corporation works with the grantee to establish a grant level suitable to the grantee's match capability. To ensure that grantees maintain appropriate supporting documentation for the match, we provide technical assistance to them and conduct financial management training seminars that cover requirements for documentation.

In FY 2004, the Corporation conducted workshops and conferences for state commissions, national direct grantees, Learn and Serve America grantees and sub-grantees, including about 1,900 attendees. We also conducted 47 on-site technical assistance interventions and provided remote technical assistance to another 1,620 program managers. In FY 2005, the agency will conduct at least two more voluntary seminars and will plan a comprehensive mandatory seminar for all grantees for FY 2006. In addition, the Corporation trains all new grantees on match documentation requirements within the first three months of the grant project period.

The Corporation's recently updated its monitoring protocols to include clear guidance for reviewing the documentation for grantee/sub-grantee match funding. These protocols help to ensure that all grantees/sub-grantees maintain adequate match documentation.

Screening of Grantees

Grants Management Specialists at both the Service Centers and headquarters must review the clearinghouse and check for A-133 issues before executing *every* award. The Corporation identifies those grantees that have weaknesses, records that information in eGrants, and works with the applicant organization to undertake appropriate corrective action before executing the award.

Timely Grant Close-out

The Corporation established a method for identifying and tracking expired grants in FY 2001 and began a process to catch up on the backlog of expired grants at that time. Since then, the agency has closed over 90 percent of expired grants and decreased the backlog significantly. Close-out is often delayed because grantees must complete reconciliations before the Corporation can close the grants. Further improvements to timely grant close-out will require the Corporation to further simplify and automate the close-out process, and devote more staff time to follow-up with grantees on necessary reconciliations.

Grantee Documentation

During FY 2004, the agency transmitted clear guidance to all grantees and sub-grantees regarding the requirement to conduct criminal background checks on potential members. In addition, the language included in each grant was amended to further clarify this requirement.

The Corporation's grant guidelines and agreements, as well as OMB circulars, incorporate requirements for the maintenance of timekeeping records for employees. However, some grantees and sub-grantees have not maintained adequate timekeeping records. Therefore, the Corporation will conduct a mandatory, comprehensive financial management training conference in late FY 2005 or early FY 2006 that will include timekeeping requirements training.

The Corporation plans to address the outstanding OIG recommendations as fully as possible within existing resource constraints in FY 2005. The agency's implementation of risk-based monitoring and its expanded use of technology (e.g., laptops for site visits, as planned over the next few years) are expected to result in operational cost savings over time that can be used to address some of these issues. In some cases, improvements will require additional funding to enable the Corporation to fully address the OIG's concerns.

Further information on the Corporation's grants management and monitoring is provided in the following sections: "Status of Grants Management Reportable Condition" and "Improved Financial Management."

Financial Management

National Service Trust

The Corporation has already implemented improvements to the agency's procedures and systems to improve the agency's management of the National Service Trust. The agency implemented a set of controls to ensure the availability of Trust resources for AmeriCorps grant approvals, including:

- Estimating total FTE and member slots available for the grant cycle and allocating them to programs;
- Requiring the CFO to certify the program and Trust costs of each proposed grant approval;
- Recording Trust obligations concurrent with the grant award process;
- Automating safeguards in the Web-Based Reporting System (the agency's grantee reporting system) to help prevent grantees from enrolling more members than they were allotted; and
- Continuously tracking Trust enrollments to allow for timely mid-course corrections, if necessary.

The Corporation also has taken steps to validate the member data in the Trust, particularly for incoming members. However, ongoing reconciliation efforts continue to be necessary to resolve outstanding discrepancies. With regard to the timely processing of member exit information, the agency has improved the WBRS functionality and grantee/sub-grantee training to support more accurate and timely tracking of member exits. The agency's education award payments are processed promptly following member requests and validation of expenses. The agency will review its education award payment process to ensure it is as efficient as possible, while maintaining adequate control over Federal expenditures.

Controls on Use of Government Charge Cards

As noted by the OIG, the Corporation has reduced the number of employees identified as having mis-used Government charge cards for personal use substantially over the last few years to a very low level. The Corporation continues, however, to ensure that all employees with such cards are fully aware of the provisions limiting use to Corporation business by issuing reminder notifications periodically. Moreover, the agency continues to monitor charge card use for potential abuses, including reviewing a sample of charges each month.

Internal Controls on Gift Fund Expenditures

The Corporation is revising its policies and procedures to strengthen internal controls on Gift Fund transactions.

Timely Vendor Payments

Currently, the Corporation pays less than \$10,000 per year in interest and penalties due to late payments, representing about 0.001 percent of the agency's appropriation. Nonetheless, the Corporation will reexamine its procedure for verifying receipt of goods and services prior to payment to ensure adequate compliance with timeliness requirements.

Human Capital

In FY 2003, our Inspector General and the Office of Personnel Management issued highly critical reports of the Corporation's human capital program. These reports, augmented by suggestions from Corporation employees, led us to reassess nearly all of our human capital programs and develop a blueprint for reform—reform that fully embraces the goals of the President's Management Agenda.

Although the Corporation only began its reform initiative early in FY 2004, dramatic progress has already occurred. Key to this progress has been the development of a preliminary Strategic Human Capital Plan, modeled on the Office of Personnel Management's (OPM's) *Human Capital Standards for Success*. Working against our preliminary Strategic Human Capital Plan, the agency implemented major human capital reforms in FY 2004.

FY 2004 reforms that specifically address the OIG's concerns include:

- Improved communication with employees by initiating a biweekly newsletter and holding regular “all-staff” meetings on important human capital issues;
- Modified the agency's Alternative Personnel System to ensure alignment with the Corporation's strategic objectives by:
 - Reforming the long-time practice of using term appointments for on-going positions to instead use permanent appointments, thus increasing the number of high-quality job applicants and significantly improving employee morale;
 - Tightening the criteria used to determine bonuses and

pay adjustments and implementing a rigorous new managerial appraisal system, thus more closely tying pay to performance;

- Created a new position, Chief Human Capital Officer, to focus the agency's human capital reform efforts;
- Clarified personnel policies and office roles in human resource decision-making by conducting training and informational sessions for executives, managers and employees;
- Initiated the development of an active diversity program by establishing a Diversity Advisory Council; and
- Implemented the Federal Human Capital Survey to help identify employee concerns, particularly with regard to equitable treatment of employees.

In addition, in FY 2004 the Corporation implemented a number of additional human capital improvements, including:

- Doubling the agency's investment in employee training;
- Promoting leadership development by encouraging all supervisors, managers and executives to participate in "360-degree" assessments and to use the results of these assessments to prepare Individual Development Plans;
- Reinforcing the centrality of our programs and strengthened program management by more strongly exercising the functions of the Chief Operating Officer to enhance and integrate all program operations;
- Developing initial operational, output, and outcome metrics to better assess the agency's progress and to support more informed decision-making; and
- Receiving the Excellence in Government Ethics award for our comprehensive and highly effective ethics program.

Although enormous progress was made in FY 2004, the Corporation recognizes that building a diverse, energized, high-performing workforce requires a long-term investment of time and resources. To ensure the Corporation's ongoing progress, the agency will update and refine its Strategic Human Capital Plan in FY 2005, reassessing our progress, strengthening the measures used to determine our success and identifying further steps to achieve a high-performing workforce. Among other initiatives, our new Strategic Plan will call for:

- Implementing a rigorous new appraisal system for non-supervisory employees in FY 2005;
- Developing and testing a Workforce Planning Model that eventually will be applied to all Corporation units and occupations;

- Implementing a strategic approach to the use of training resources to ensure that such resources help to address skills gaps and leadership succession; and
- Streamlining staffing processes to identify the right people for the right jobs more quickly and efficiently.

Based on the tremendous progress made in FY 2004 and the agency's commitment to meeting its human capital challenges, the Corporation hopes to become a "model" of human capital management over the coming years.

Information Security

The Corporation has maintained an outstanding record of compliance with all applicable laws and regulations governing its systems, including the requirements of the Federal Financial Management Improvement Act (FFMIA) and the Federal Managers' Financial Integrity Act (FMFIA). As required by the Federal Information Security Management Act (FISMA), the Corporation performed a self-assessment of its major systems using the National Institute of Standards and Technology (NIST) ASSET tool in September 2003.

Additionally, the Corporation completed its 2004 testing and evaluation of its major systems using the NIST ASSET tool again in September and expects to complete new Certification and Accreditation reports for all of its major systems by January 31, 2005.

Although the OIG identified a deficiency in the Corporation's documentation and follow-up of its systems evaluation and test under the Federal Information Security Management Act (FISMA), two separate, recently completed audits identified no significant security vulnerability. In addition, the FY 2004 financial audit included significant security review that did not find any significant security weakness. The Corporation has a comprehensive security program that has been reviewed as part of this process with no significant changes recommended.

Grantee Performance Measurement

The Corporation has made enormous progress toward more performance-based grants management. Following on the agency's requirements for grantees to report at least one outcome measure, one output measure and one efficiency measure, the Corporation plans to codify and strengthen these requirements through the

AmeriCorps rulemaking process, with a final rule expected to be published in FY 2005.

However, the Corporation recognizes the need to incorporate performance measurement into the management of its grants more fully. To create a more performance-based grant-making process, the Corporation will work cooperatively with our grantees, sub-grantees, constituents, the Administration and the Congress to develop creative and effective solutions to both include grantee performance in the grants application and review process, and support promising new service organizations and approaches.

As a first step, in FY 2005 the Corporation will analyze grantee performance reporting and begin to identify common themes and approaches to effective performance measurement and management that might be used by other grantees. Based on these common approaches, the Corporation, working in consultation with the grantees and other constituents, will evaluate alternatives to enable more standardized reporting, while also enabling reporting of the unique results of many grantees.

In FY 2005 the Corporation will begin to analyze its grantee performance reporting in order to develop improved grantee and program performance measures that can be compared and combined in assessing grantee and program performance. A significant challenge in this development process will be to identify comparable measures to assess the exceptionally wide range of programs supported through the Corporation's programs. In addition, the Corporation will focus on the adequacy of current reporting requirements to accurately and fairly present the full range of grantee accomplishments. The Corporation also will assess the feasibility and usefulness of the data that would be generated from an expanded accomplishments reporting approach prior to imposing additional reporting requirements for grantees and sub-grantees.

Ongoing improvement to the eGrants system will help to address the need for improved grantee performance tracking under current reporting requirements. However, in FY 2005 the agency also will examine the eGrants system and the reporting requirements to ensure that comparable data is collected from grantees in all the Corporation's programs. This effort will require a review of data element and metric definition differences across programs and grantees and the development of more standardized definitions. Additional systems changes in FY 2006 will be dependent upon the improved performance reporting requirements to be developed by the Corporation over the next few years.

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Appendices

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Appendix A: **FY 2004 Evaluation Highlights**

The following projects are highlights from the Department of Research and Policy Development during FY 2004.

National Performance Measurement

AmeriCorps Performance Measurement Benchmarking: [Annual] An initiative to collect annual outcome-oriented performance data from AmeriCorps members, AmeriCorps grantees, VISTA projects, and NCCC project sponsors.

Learn and Serve America Performance Measurement Benchmarking: [Annual] An initiative to collect annual outcome-oriented performance data from Learn and Serve America grantees and subgrantees.

Senior Corps Performance Measurement Benchmarking: [Annual] An initiative to collect annual outcome-oriented performance data from Senior Corps projects, stations, and volunteers.

Field Network Evaluation: [Initiated] The pilot phase of a study to evaluate localized implementation and community effects of Corporation programs.

State Profiles and Performance Report: [On-going] A project to improve the transparency of national reporting by disaggregating performance data for state and national grantees.

Program Evaluation

AmeriCorps Longitudinal Study of Member Outcomes: [On-going] An evaluation of the short-term and long-term impacts of AmeriCorps participation on members civic engagement, education, employment and life skills.

Parent Drug Corps Evaluation: [Initiated] A random-assignment evaluation to describe the implementation and assess the impact of the Parent Drug Corps grant program.

Evaluation of AmeriCorps Tutoring Programs: [Initiated] The pilot phase of a random-assignment evaluation to assess the impact of AmeriCorps tutoring programs on youth and identify programmatic factors related to achievement.

*Study of AmeriCorps*VISTA's Impact on 40 years of Volunteers:* [Initiated] An evaluation to identify the long-term civic engage-

ment, education, and employment outcomes of AmeriCorps*VISTA volunteers serving between 1964 and 1990.

Senior Companion Program Quality of Care Study: [Completed] A evaluation of the outcomes for participants and family care-givers in the Senior Companion program.

Research

Current Population Survey Supplement on Volunteerism: [Annual] A survey conducted by the Bureau of Labor Statistics (BLS) to measure volunteerism in the United States as part of the Current Population Survey (CPS).

Volunteer Management Capacity Survey: [Biennial] A study of the volunteer capacity and volunteer management practices of the nation's charitable and nonprofit organizations.

Youth Volunteering and Civic Engagement Survey: [Biennial] A study of volunteering and charitable behaviors of youth ages 13-18, the next generation of America's volunteers.

Special Program Initiatives

Next Generation Grants: [Completed] A grant program to foster the next generation of national service organizations by providing seed money for new service programs that have the potential of becoming national in scope.

Appendix B: Derivation of Estimated Funding by Goal

The Corporation has attributed funding for the various programs to the four goals established in the FY 2006 Budget Estimate and Performance Plan. All programs serve multiple goals. However, each program was assigned to the goal that best captures the underlying purpose of the program based on its impact and motivating reason to participate among grantees. Accordingly, AmeriCorps and Senior Corps programs are shown under Goal 1 where the emphasis is on the end beneficiary of service. However, funds put aside specifically to benefit the members after their service (AmeriCorps education awards and post-service stipends) and funds to support low and moderate income service providers (stipends for Senior Companions and Foster Grandparents) are shown under Goal 2, which speaks to the benefits to the volunteer.

Learn and Serve America is shown under Goal 3, since its impact is considered to be especially broad and lasting by reinforcing the service learning movement and demonstrating patterns for life-long civic engagement among a school-age population. Certain demonstration grants are also shown here.

Funding for Goal 1: Meet Human Needs Through Diverse, High-quality Service Programs

Service through AmeriCorps	
State and National	\$298,000,000
NCCC	\$25,000,000
VISTA	\$91,000,000
<i>Subtotal, AmeriCorps</i>	<i>\$414,000,000</i>
Senior Corps	
RSVP	\$58,000,000
Foster Grandparent	\$45,000,000
Senior Companion	\$19,000,000
<i>Subtotal, Senior Corps</i>	<i>\$122,000,000</i>
America's Promise Grants	\$5,000,000
Special Volunteer Programs	\$10,000,000
Challenge Grants	\$2,000,000
Training and Technical Assistance	\$2,000,000
Total, Goal 1	\$555,000,000

Funding for Goal 2: Improve the Lives of National Service Participants

Support to AmeriCorps Members	
National Service Trust	\$140,000,000
VISTA Post-Service Stipend	\$3,000,000
Freedom Scholarships	\$4,000,000
<i>Subtotal, Support to AmeriCorps Members</i>	<i>\$147,000,000</i>
Stipends to Senior Corps Volunteers	
Foster Grandparent Program	\$65,000,000
Senior Companion Program	\$27,000,000
<i>Subtotal, Stipends to Senior Corps</i>	<i>\$97,000,000</i>
Disability Grants	\$5,000,000
Total, Goal 2	\$249,000,000

Funding for Goal 3: Strengthen the Infrastructure, Capacity, and Social Capital of Communities Across America

Learn and Serve Program	\$43,000,000
National Service Trust	\$140,000,000
Innovation and Demonstration Programs	
Points of Light Foundation	\$10,000,000
Martin Luther King, Jr. Grants	\$1,000,000
Next Generation Grants	\$1,000,000
Service Learning Clearinghouse/Exchange	\$1,000,000
Total, Goal 3	\$56,000,000

Funding for Goal 4: Improve the Corporation's Trust, Credibility, Accountability, and Customer Focus

NCSA Salaries/Expenses	\$25,000,000
DVSA Program Administration	\$36,000,000
Office of Inspector General	\$6,000,000
Evaluation	\$3,000,000
State Commissions Administration Grants	\$12,000,000
Total, Goal 4	\$82,000,000

Appendix C: Sources and Uses of Donations

The following schedule lists the receipts and expenses paid from the Gift Fund in FY 2004 and FY 2003.

Supplemental Information on the Sources and Uses ¹ of Donations					
Source of Funds	Use of Funds	2004		2003	
		Receipt	Expense	Receipt	Expense
Home Depot	Disaster rebuilding activities	\$500,000	-	-	-
Ralph Lauren Polo Foundation	Support for NCCC program activities	\$31,310	\$19,694	-	-
UPS Foundation	Support for USA FreedomCorps web site and national non-profit volunteerism study	-	\$351,518	\$550,000	\$121,902
A&E Television Networks	Support for summit on History, Civics and Service	-	\$837	\$30,000	\$23,081
Bradley Foundation	Support for summit on History, Civics and Service	-	-	\$75,000	\$60,224
Walt Disney Company	Corporation projects in support of USA Freedom Corps	-	\$1,521	-	-
Best Buy	Grants for the MLK – Day of Service		(61,463) ²		\$5,065
Kellogg Foundation	Training and Technical Assistance	-	-	-	(2,334) ²
Other Donors	Miscellaneous specified purposes	\$8,300	-	\$50	\$134
Other Donors	Miscellaneous unspecified purposes	\$100	\$10,443	\$3,433	-
Total		\$539,710	\$322,550	\$658,483	\$208,072

¹ Funds expended during a fiscal year may include amounts donated in a previous year. In addition, expenses include only the amount accrued during the fiscal year and do not reflect amounts that have been obligated but not yet expended. ² Reduction of expenses previously accrued to account.

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Appendix D: National Service Trust— Financial Statements and Key Financial Factors

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.
- Pay expenses incurred participating in an approved school-to-work program.
- 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 an 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 certified by the institutions. Trust funds are not used to pay member stipends or other grant costs.

Recent appropriations also have made specified amounts from the Trust available for scholarships for high school students. The \$1,000 college scholarships, known as Presidential Freedom Scholarships, are awarded to students who provide outstanding service. To fund each scholarship, a local community or corporate source must match the \$500 portion of the scholarship provided by the Corporation.

Table 1 reports the planned activity for Program Year 2004 and

actual enrollments to date. The table also includes similar data on program year 2003 for comparative purposes. Slots classified as “Certified Not Awarded” have been approved for award to grantees but for which the final grant award has not been executed.

Table 1: Member Slot Status

Member Slot Status					
Program Year 2004					
Awarded					
AmeriCorps Program	Enrolled	Not Enrolled	Certified Not Awarded	Planned Not Certified	Total
State & National	15,745	45,806	5,155	2,320	69,026
VISTA	4,012	656	–	107	4,775
NCCC	517	682	–	–	1,199
Total	20,274	47,144	5,155	2,427	75,000
Program Year 2003					
Awarded					
AmeriCorps Program	Enrolled	Not Enrolled	Certified Not Awarded	Planned Not Certified	Total
State & National	35,536	7,123	1,438	–	44,097
VISTA	3,078	1,390	–	–	4,468
NCCC	726	29	–	–	755
Total	39,340	8,542	1,438	–	49,320

Table 2 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 6.

Table 2: Factors Affecting the National Service Trust

Factor	Program Year ¹						
	1998	1999	2000	2001	2002	2003	2004
Member enrollments in the Trust	40,784	41,920	53,136	59,356	48,464	39,340	20,274
Percent of members earning an education award ²	68.1%	71.1%	71.8%	75.0%	78.8%	82.5%	88.3%
Percent of earned education awards used ³	70.2%	67.0%	61.8%	54.2%	43.9%	15.7%	8.5%
Investment Earnings ⁴	5%	5%	5%	5%	5%	4%	4%
Breakout of enrollment by term type: ⁵							
Full-time	60%	56%	50%	50%	58%	45%	65%
Part-time	27%	27%	25%	23%	19%	22%	9%
Reduced Part-time	13%	17%	25%	27%	23%	33%	26%

¹ 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 fiscal year 2003 but not fill all positions until fiscal 2004. All positions related to this grant would be considered Program Year 2003 positions irrespective of the year filled. (This definition applies to all slots except for the approximately 20,000 Program Year 2002 slots unfilled at the time of the pause. These “post pause” slots were reclassified as Program Year 2003 slots.) Program Year data reflects all enrollments recorded through September 30, 2004. Prior year enrollment numbers may change slightly due to corrections or late reporting by grantees.

² Cumulative number of members who earned an award divided by the total members enrolled (net of members still earning/not exited) as of September 30, 2004.

³ The usage rate represents the percent of awards earned (in dollars) in each year that have been used as of September 30, 2004. Or, in other words, the dollar amount of education awards used divided by the total amount earned for the Program Year as of September 30, 2004.

⁴ Weighted Average Maturity for the Trust investment portfolio of Treasury securities. Used to discount awards for the time value of money.

⁵ Term type mix is based on Program Year enrollments to date. It is important because education award projections are based on service type.

Trust Accounting

Tables 3, 4, and 5 presents information on the financial status of the Trust Fund including its assets, liabilities, revenue, expenses, reserve, and amounts obligated. The Statement of Financial Position and Statement of Operations present information using Generally Accepted Accounting Principles (GAAP), which is the method of accounting for the liability used for financial statement purposes. The Corporation’s financial statements are prepared on a quarterly basis. The Schedule of Obligations presents information on a budgetary basis which represents the accounting used to determine adherence to Anti-Deficiency Act requirements.

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. 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 79 percent of members earning an award will eventually use it.

Enacted in fiscal 2003, the Strengthen AmeriCorps Program Act directed that the Corporation begin recording Trust obligations at the time of grant award for the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rates and the time value of money. The Corporation used the following assumptions to calculate Trust obligations for program years 2003 and 2004: full value of the education award, 100 percent enrollment rate, 80 percent earning rate, and 80 percent usage rate. These 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 year 2002 and prior, the Corporation used the actual amounts earned, adjusted for amounts used and projected to be used and the time value of money when establishing the obligation amount.

Table 3: Statement of Financial Position as of September 30

National Service Trust Statement of Financial Position As of September 30 (dollars in thousands)		
	2004	2003
Assets		
Fund Balance with Treasury	\$3,120	\$146
Trust Investments and Related Receivables	\$337,913	\$231,880
Accounts Receivable, Net	\$15	\$17
<i>Total Assets</i>	<i>\$341,048</i>	<i>\$232,043</i>
Liabilities		
Trust Service Award Liability	\$237,497	\$230,622
<i>Total Liabilities</i>	<i>\$237,497</i>	<i>\$230,622</i>
Net Position		
Cumulative Results of Operations	\$103,551	\$1,421
<i>Total Net Position</i>	<i>\$103,551</i>	<i>\$1,421</i>
Total Liabilities and Net Position	\$341,048	\$232,043

Table 4: Statement of Operations and Changes in Net Position for the Years Ending September 30

National Service Trust Statement of Operations and Changes in Net Position For the Years Ending September 30 (dollars in thousands)		
	2004	2003
Revenues		
Trust Appropriation	\$129,233	\$99,350
Deficiency Appropriation ¹	\$63,055	--
Transfers from Program Funds ²	\$13,101	--
Interest	\$8,871	\$9,693
<i>Total Revenues</i>	<i>\$214,260</i>	<i>\$109,043</i>
Expenses		
Service Award Expense	\$108,831	\$106,683
President's Freedom Scholarships	\$3,299	\$2,895
<i>Total Expenses</i>	<i>\$112,130</i>	<i>\$109,578</i>
Net of Revenues Over Expenses	\$102,130	\$(535)
Net Position		
Net of Revenues Over Expenses	\$102,130	\$(535)
Net Position, Beginning of Period	\$1,421	\$1,956
Total Liabilities and Net Position	\$103,551	\$1,421

¹ A \$63 million deficiency appropriation related to fiscal 2002 obligations was enacted on April 16, 2003, as part of the Emergency Wartime Supplemental Appropriations Act (PL. 108-11). The funds were apportioned to the Corporation on March 1, 2004.

² The 2004 Consolidated Appropriations Act (PL. 108-199) authorized the Corporation to transfer subtitle C program funds to the Trust to support the activities of national service participants.

Table 5: Schedule of Budgetary Activity for the Year Ending September 30, 2004

National Service Trust Schedule of Budgetary Activity For the Year Ending September 30 (dollars in thousands)			
	Outstanding for Prior Years	PY 2004	Total
Resources			
Trust Cash & Investments (net of receivables)	\$201,605	\$138,576	\$340,181
Trust Reserve (not available for obligation)	(10,000)	(9,941)	(19,941)
<i>Total Resources</i>	<i>\$191,605</i>	<i>\$128,635</i>	<i>\$320,420</i>
Unliquidated Obligations			
Education Awards	\$185,079	\$119,990	\$305,069
Interest Forbearance	\$3,382	\$6,657	\$10,039
<i>Total Unliquidated Obligations</i>	<i>\$188,461</i>	<i>\$126,647</i>	<i>\$315,108</i>
Funds Available for Award	\$3,144	\$1,988	\$5,132
Net Position			
Reconciliation to 2004 Trust Appropriation			
PY 2004 Trust Cash & Investments			\$138,576
Payments on PY 2004 Obligations:			
President's Freedom Scholarships		\$3,299	
Education Awards		\$438	
Interest Forbearance		\$21	
<i>Total PY 2004 Payments</i>			<i>\$3,758</i>
Rescissions			
Less 2004 Program Appropriation			(13,101)
Transferred to Trust ¹			
2004 Trust Appropriation			\$130,000
¹ The 2004 Consolidated Appropriations Act (PL 108-199) authorized the Corporation to transfer subtitle C program appropriated funds to the Trust to support the activities of national service participants.			

CEO Certification

The Strengthen AmeriCorps Program Act established specific criteria for estimating and recording obligations in the National Service Trust. The Act also requires that the Chief Executive Officer 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's Office of Inspector General contracted with the accounting firm Cotton & Company to perform the

audit required by the Act for fiscal 2004. The results of this audit are included in the OIG audit section of this report (see page xx). Based on the Corporation's analysis and the results of OIG's audit, the Corporation certifies that it complied with the Act for fiscal 2004.

Trust Enrollment Activity

Table 6 presents the cumulative activity for enrollments, earnings, and usage in the Trust by Program Year as of September 30, 2004.

Table 6: Trust Enrollment Activity: Program Years 1994 through 2004

Program Year	Type	Members Enrolled	Members Still Earning (or Not Exited)	Earned an Award	Did Not Earn	Amount Earned	Amount Used
1994	Full Time	15,979	0	12,089	3,890	\$51,191,303	\$37,671,559
	Part Time	6,264	0	4,172	2,092	\$8,988,028	\$6,690,223
	Reduced Part Time	2,906	0	2,523	383	\$2,558,979	\$1,811,739
	<i>Total</i>	<i>25,149</i>	<i>0</i>	<i>18,784</i>	<i>6,365</i>	<i>\$62,738,310</i>	<i>\$46,173,521</i>
1995	Full Time	17,795	0	13,613	4,182	\$61,321,792	\$46,212,767
	Part Time	6,848	0	4,359	2,489	\$9,543,940	\$6,902,046
	Reduced Part Time	486	0	402	84	\$390,485	\$288,959
	<i>Total</i>	<i>25,129</i>	<i>0</i>	<i>18,374</i>	<i>6,755</i>	<i>\$71,256,217</i>	<i>\$53,403,772</i>
1996	Full Time	17,721	0	13,478	4,243	\$61,501,488	\$46,866,148
	Part Time	6,943	0	4,468	2,475	\$10,087,560	\$7,003,960
	Reduced Part Time	639	0	526	113	\$520,515	\$403,860
	<i>Total</i>	<i>25,303</i>	<i>0</i>	<i>18,472</i>	<i>6,831</i>	<i>\$72,109,563</i>	<i>\$54,273,968</i>
1997	Full Time	23,357	0	17,398	5,959	\$79,826,336	\$59,028,144
	Part Time	12,831	0	7,080	5,751	\$15,933,752	\$10,956,304
	Reduced Part Time	3,649	0	2,964	685	\$2,892,742	\$2,247,907
	<i>Total</i>	<i>39,837</i>	<i>0</i>	<i>27,442</i>	<i>12,395</i>	<i>\$98,652,830</i>	<i>\$72,232,355</i>
1998	Full Time	24,545	0	17,747	6,798	\$81,545,497	\$57,622,597
	Part Time	11,156	0	6,205	4,951	\$14,023,940	\$9,289,989
	Reduced Part Time	5,083	0	3,819	1,264	\$3,790,164	\$2,867,912
	<i>Total</i>	<i>40,784</i>	<i>0</i>	<i>27,771</i>	<i>13,013</i>	<i>\$99,359,601</i>	<i>\$69,780,498</i>
1999	Full Time	23,328	0	17,022	6,306	\$78,358,799	\$52,960,055
	Part Time	11,333	0	6,913	4,420	\$15,629,800	\$9,669,356
	Reduced Part Time	7,259	0	5,859	1,400	\$6,092,512	\$4,456,065
	<i>Total</i>	<i>41,920</i>	<i>0</i>	<i>29,794</i>	<i>12,126</i>	<i>\$100,081,111</i>	<i>\$67,085,476</i>
2000	Full Time	26,295	115	19,143	7,037	\$88,252,041	\$54,705,795
	Part Time	13,221	149	8,443	4,629	\$19,354,817	\$10,920,877
	Reduced Part Time	13,620	134	10,264	3,222	\$10,636,770	\$7,428,493
	<i>Total</i>	<i>53,136</i>	<i>398</i>	<i>37,850</i>	<i>14,888</i>	<i>\$118,243,628</i>	<i>\$73,055,165</i>
2001	Full Time	29,631	172	22,734	6,725	\$105,047,348	\$56,766,977
	Part Time	13,895	372	8,818	4,705	\$19,959,820	\$9,822,620
	Reduced Part Time	15,830	118	12,451	3,261	\$12,945,806	\$8,116,268
	<i>Total</i>	<i>59,356</i>	<i>662</i>	<i>44,003</i>	<i>14,691</i>	<i>\$137,952,974</i>	<i>\$74,705,865</i>
2002	Full Time	28,222	129	23,184	4,909	\$107,862,918	\$46,356,305
	Part Time	9,406	691	6,131	2,584	\$14,049,994	\$5,970,974
	Reduced Part Time	10,836	167	8,091	2,578	\$9,271,433	\$5,304,534
	<i>Total</i>	<i>48,464</i>	<i>987</i>	<i>37,406</i>	<i>10,071</i>	<i>\$131,184,345</i>	<i>\$57,631,813</i>
2003	Full Time	17,503	3,273	11,790	2,440	\$54,120,858	\$6,811,618
	Part Time	8,826	2,612	4,798	1,416	\$11,017,079	\$1,617,029
	Reduced Part Time	13,011	2,134	9,249	1,628	\$10,480,327	\$3,449,961
	<i>Total</i>	<i>39,340</i>	<i>8,019</i>	<i>25,837</i>	<i>5,484</i>	<i>\$75,618,264</i>	<i>\$11,878,608</i>
2004	Full Time	13,126	12,556	203	367	\$812,383	\$27,832
	Part Time	1,756	1,501	193	62	\$446,778	\$17,159
	Reduced Part Time	5,392	2,126	3,216	50	\$3,909,200	\$392,885
	<i>Total</i>	<i>20,274</i>	<i>16,183</i>	<i>3,612</i>	<i>479</i>	<i>\$5,168,361</i>	<i>\$437,876</i>
Total 1994-2004		418,692	26,249	289,345	103,098	\$972,365,204	\$580,658,917

Report Preparation

This report was prepared by the Program Review and Analysis Team (Tyndall Traversa and Jason Smith) with the document design and editing support of Macrosys Research and Technology and consulting support of Management Systems International. The Corporation's Deputy Chief Financial Officer, Bill Anderson, and his staff prepared the financial statements and related materials. Many others within the Corporation contributed their time and expertise in providing data, other information, and comments on drafts. Their responsive and timely support is sincerely appreciated. Many thanks to:

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