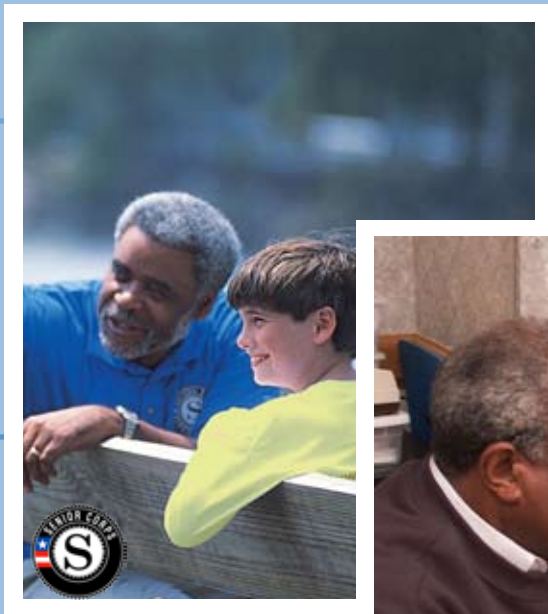


Fiscal Year 2006 Performance and Accountability Report

November 2006



*Improve lives, strengthen communities,
and foster civic engagement through
service and volunteering*

PURPOSE OF THE REPORT

The Corporation for National and Community Service's (Corporation's) Fiscal Year (FY) 2006 Performance and Accountability Report (PAR) presents performance and financial information to enable the Congress, the President, and the public to assess the performance of the Corporation relative to its mission and resources. This document follows reporting requirements under the Government Performance and Results Act, the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, the Government Corporation Control Act, the Improper Payments Act, and the Federal Information Security Management Act, among others. This document also follows applicable guidance from the Office of Management and Budget (OMB), as well as the recommendations of the Association of Government Accountants' Certificate of Excellence in Accountability Reporting (CEAR) program, except where such guidance does not apply to the Corporation under the Corporation Control Act and the agency considered the requirement to be not applicable to the agency's performance (for example, an Inspector General's Statement of Management Challenges was not prepared for FY 2006).

Conventions used in this report

Performance Against Targets:

The Corporation considers its performance to have met its targets if the performance goal was set at an approximate target level, and the deviation from that level is slight, resulting in no significant effect on overall agency performance.

Abbreviations:

EST= estimate TBD=to be determined

NA=not available — =not applicable

Acronyms are defined upon first usage, as well as in the glossary appendix.



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www.usafreedomcorps.gov

HOW TO SERVE

If you are interested in joining or learning more about Corporation programs, go to www.nationalservice.gov. Under the "For Individuals" menu, click on "Join Now" to discover which opportunity is right for you.



SENIOR CORPS
www.seniorcorps.gov



AMERICORPS
www.americorps.gov



LEARN AND SERVE AMERICA
www.learnandserve.gov

ON THE COVER...

A Senior Corps volunteer enjoys time with his mentee.

An AmeriCorps member assists a retiree with various needs.

A Learn and Serve America volunteer reads to a preschooler during family reading night.

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To request a printed copy, or to provide any feedback regarding the content of this report, contact Tyndall Traversa (TTraversa@cns.gov) or Jill Marshall (JMarshall@cns.gov) in the Office of the Chief Financial Officer. (Mailing address is provided above.) The Corporation's FY 2006 Performance and Accountability Report is available online at:

www.nationalservice.gov/about/role_impact/performance.asp.

CHIEF EXECUTIVE OFFICER

NOVEMBER 2006

The Corporation for National and Community Service is pleased to present its Fiscal Year (FY) 2006 Performance and Accountability Report, which details the Corporation's performance and financial condition in relation to its mission and goals.

The mission of the Corporation is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. To that end, the Corporation acts as a leader, partner, and grantmaker in engaging nonprofits, corporations, and state and local governments to address local problems effectively through volunteering and the use of best volunteering practices in their programs.

In what continues to emerge as the most stunning modern validation of the positive power of service and volunteering, our Senior Corps, AmeriCorps, VISTA, NCCC, and Learn and Serve America programs brought support and hope throughout 2006 to people whose lives and homes were shattered by Hurricane Katrina in the Gulf. More than 35,000 National Service participants helped in Katrina's aftermath in countless ways—providing shelter, food and clothing for disaster victims; cleaning, gutting, and rebuilding homes; and, importantly, coordinating large numbers of community volunteers to assist in relief and recovery efforts. We remain committed to strengthening local organizations and restoring lives and communities in the Gulf for years to come.

That power of citizens pitching in to solve critical challenges is on display not only in the Gulf, but across the country:

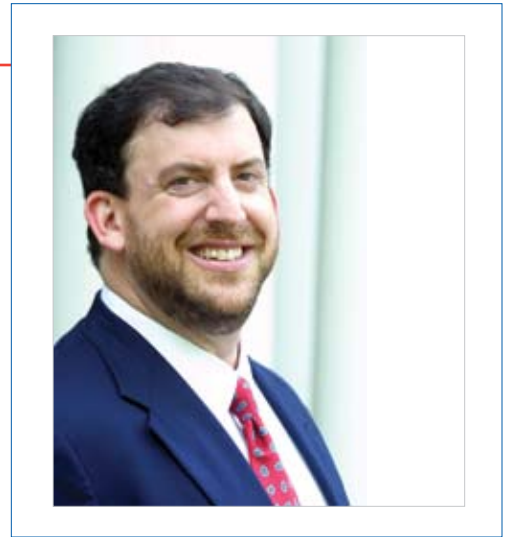
- » More than 65 million Americans volunteered last year through their church or nonprofit to meet pressing needs in their community—a number that has continued to increase since the President's Call to Service after 9/11;
- » Children, youth and college students are volunteering at about twice the rate of the rest of the population, logging extraordinary increases in service that promise continued growth in national volunteering trends in the decades to come;
- » Churches, schools, colleges and community-based organizations are drivers of increasing volunteering; and,
- » Communities are increasingly turning to service-based solutions to address some of their most intractable problems, from lowering high-school drop out rates to reducing ex-prisoner recidivism, and from helping frail seniors remain independent to preparing for disasters.

The Corporation and our National Service programs are playing critical roles in support of this resurgence of America's volunteering ethic. We remain the largest supporter of many of the critical service infrastructures across America, from State Service Commissions in virtually every state and territory to the National Network of Volunteer Centers, and from the Hands On Network to Campus Compacts at the state and national level. Our programs provide back-bone support to the largest, most entrepreneurial and impactful private organizations that are driving America's return to civic engagement, duty and patriotism, including Habitat for Humanity, Teach for America, City Year, Youthbuild, Catholic Charities, Big Brothers Big Sisters, Communities in Schools, and La Raza, to name only a few. The Corporation is also at the forefront of the national trend to better engage volunteers from the faith-based community, which has emerged as the single largest driver of service growth in American communities.

In a more direct contribution, 3.8 million people served through Corporation programs in FY 2006, providing 216 million hours of service. Two million Americans served as members or participants in AmeriCorps, Senior Corps, or Learn and Serve. Another 1.8 million people were directly recruited and/or managed through our programs.

Some other direct measures of success this year include:

- » More than 108,000 frail or elderly clients received support to live independently.
- » More than 15,800 children of prisoners received mentoring or other support services through Corporation programs.
- » More than 436,000 children and youth from disadvantaged circumstances received opportunities to serve their communities through Corporation programs.



STRATEGIC PLAN

Early in 2006, the Corporation and our Board of Directors released the agency's strategic plan for 2006-2010. This plan embraces a set of ambitious but achievable goals centered on a national vision that a better future for all Americans relies on a culture of widespread service. In particular, the plan identifies four key areas—Mobilizing More Volunteers, Ensuring a Brighter Future for All of America's Youth, Engaging Students in Communities, and Harnessing Baby Boomers' Experience—that reflect emerging demographic, social, and economic trends and present significant opportunities for the Corporation and our nation.

Through our programs, partnerships, and leadership, the Strategic Plan aims to reach the following goals by 2010:

- » Increase the annual number of Americans volunteering by 10 million, to 75 million.
- » Increase the number of college students engaged in community service by 2.7 million, to 5 million.
- » Increase the number of Baby Boomer volunteers by 3.2 million, to 29 million.
- » Engage 3 million children and youth from disadvantaged circumstances in service.
- » Provide mentoring services to 5.5 million children and youth.

Given our nation's many social needs, it is not only *nice* that volunteer levels increase; it is also necessary. Volunteering is a cost-effective way for our nation to meet social needs. As one example, the independent living support that Corporation programs provide to the elderly, frail, and disabled adults improve the quality of life for these adults and their families.

MANAGEMENT PROGRESS

One of the principal reasons why we have been able to move the discussion from what the Corporation can accomplish to what our nation can accomplish is that we have made great strides in the area of operational and financial management and accountability. I am very pleased to report that we received an unqualified audit opinion on our FY 2006 financial statements for the seventh consecutive year, with no material weaknesses and only one reportable condition. Indeed, in FY 2006 the Corporation fully addressed the long-standing reportable condition related to grantee monitoring and oversight as well as the FY 2005 reportable condition related to human resources internal controls/documentation.

In FY 2006, the Corporation:

- » Increased use of operational metrics designed to measure the agency's progress toward its management goals.
- » Strengthened security of information technology, successfully resolving weaknesses.
- » Launched a Web-based AmeriCorps Education Award payment system that improves customer service and reduces operating costs.
- » Began implementing a plan to consolidate five field service centers into one financial management center in Philadelphia, on track to being completed by 2007.
- » Implemented appraisal systems that better connect employee pay with performance.

In FY 2006, the Corporation continued to develop its ability to measure and manage its performance. Key to this effort was the publication of the strategic plan in February 2006, including the identification of our goals and corresponding national and Corporation performance measures. The agency took steps to implement relevant data collection efforts and will continue to improve its timely performance reporting. With the exceptions noted in this report, the financial and performance data provided in the FY 2006 Performance and Accountability Report are complete and reliable.

These accomplishments position the Corporation as a well-managed, fully accountable government agency. As we seek to meet our strategic initiative goals in the coming years, I am confident that the Corporation will continue its progress towards an even more efficient and well-run organization while remaining a leader in promoting national and community service among Americans.



David Eisner
Chief Executive Officer

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AGENCY OVERVIEW

The Corporation for National and Community Service (the Corporation) provides service opportunities to hundreds of thousands of Americans, promotes volunteering in communities throughout the country and helps nonprofit organizations to engage volunteers effectively. In so doing, the Corporation provides cost effective, caring and compassionate volunteer services to improve the lives of the nation's neediest citizens and communities.

HISTORY AND LEGISLATION

The Corporation was created by Congress in 1993 to merge the work and staff of two predecessor agencies that provided opportunities for Americans of all ages and backgrounds to serve their communities:

- » ACTION, which administered VISTA (Volunteers in Service to America, which is now part of the AmeriCorps program), and Senior Corps, comprising the RSVP program (formerly the Retired and Senior Volunteer Program), the Foster Grandparent Program, and the Senior Companion Program; and
- » The Commission on National and Community Service, which administered programs for students from kindergarten through college (predecessor to Learn and Serve America); intensive service programs for adults aged 18 and older (predecessor to AmeriCorps*State and National); and national service demonstration models, including the National Civilian Community Corps (predecessor to AmeriCorps*NCCC).

STRATEGIC GOALS

To achieve its mission, the Corporation provides volunteer service opportunities to more than 2 million Americans each year, primarily through its Senior Corps, AmeriCorps, and Learn and Serve America network of programs. Participants in Corporation programs also recruit, train, or leverage 1.8 community volunteers. In addition, the Corporation operates a number of smaller grant programs and special initiatives designed to promote a culture of citizenship, service, and responsibility in America.

Although each Corporation program has its own structure, target population, and emphasis, all contribute to the agency's three overarching strategic goals (see performance measures, pages 16-18):

- 1. Meet Critical Needs in Local Communities Through Service:**
Services provided by participants in Corporation programs help meet a broad range of the nation's educational, environmental, and other human needs. In particular, national service participants are playing a valuable role in mentoring children and youth in disadvantaged circumstances; providing disaster relief, especially in response to the hurricanes of 2005; and helping the nation's elderly live independently in their own homes.
- 2. Strengthen Communities to Engage Citizens:**
All Corporation programs are designed to help nonprofit organizations, public agencies, educational institutions, and volunteer connector organizations build their capacity to engage citizens in service, which strengthens the community's ability to meet local needs. In particular, the Corporation programs focus on helping these organizations create meaningful volunteer opportunities and effectively manage volunteers of all types and interests—students, Baby Boomers, seniors, children and youth from disadvantaged circumstances, individuals seeking short-term or one-time volunteer experiences, and individuals willing to make long-term volunteer commitments.
- 3. Engage Americans in a Lifetime of Volunteering and Service:**
The Corporation helps to create an ethic of responsibility and citizenship by providing meaningful service opportunities for individuals of all ages and backgrounds, through which those who volunteer gain valuable skills as well as various social and health benefits. Moreover, the Corporation helps

CORPORATION STRATEGIC PLAN FOR 2006-2010

Mission:

Improve lives, strengthen communities, and foster civic engagement through service and volunteering

Strategic Initiatives:

- » Mobilizing More Volunteers
- » Ensuring a Brighter Future for All of America's Youth
- » Engaging Students in Communities
- » Harnessing Baby Boomers' Experience

Management Initiative:

- » Sustaining Excellence

establish service-learning programs in the nation's schools, from kindergarten through college, thus promoting a culture of service that will continue to strengthen our communities into the future.

STRATEGIC PLAN

In February 2006 the Corporation adopted a Strategic Plan for FY 2006-FY 2010 (www.nationalservice.gov/about/focus_areas/index.asp). Incorporating input from hundreds of people and organizations in the nonprofit volunteer sector, the plan embraces a set of ambitious but achievable goals centered on a national vision that a better future for all Americans includes a culture of widespread service.

In particular, the plan identifies four key strategic initiatives that reflect emerging demographic, social, and economic trends which pose both challenges and opportunities for the nation:

- » Mobilizing More Volunteers
- » Ensuring a Brighter Future for All of America's Youth
- » Engaging Students in Communities
- » Harnessing Baby Boomers' Experience

Table 1. Contributions of each strategic initiative to the strategic goals

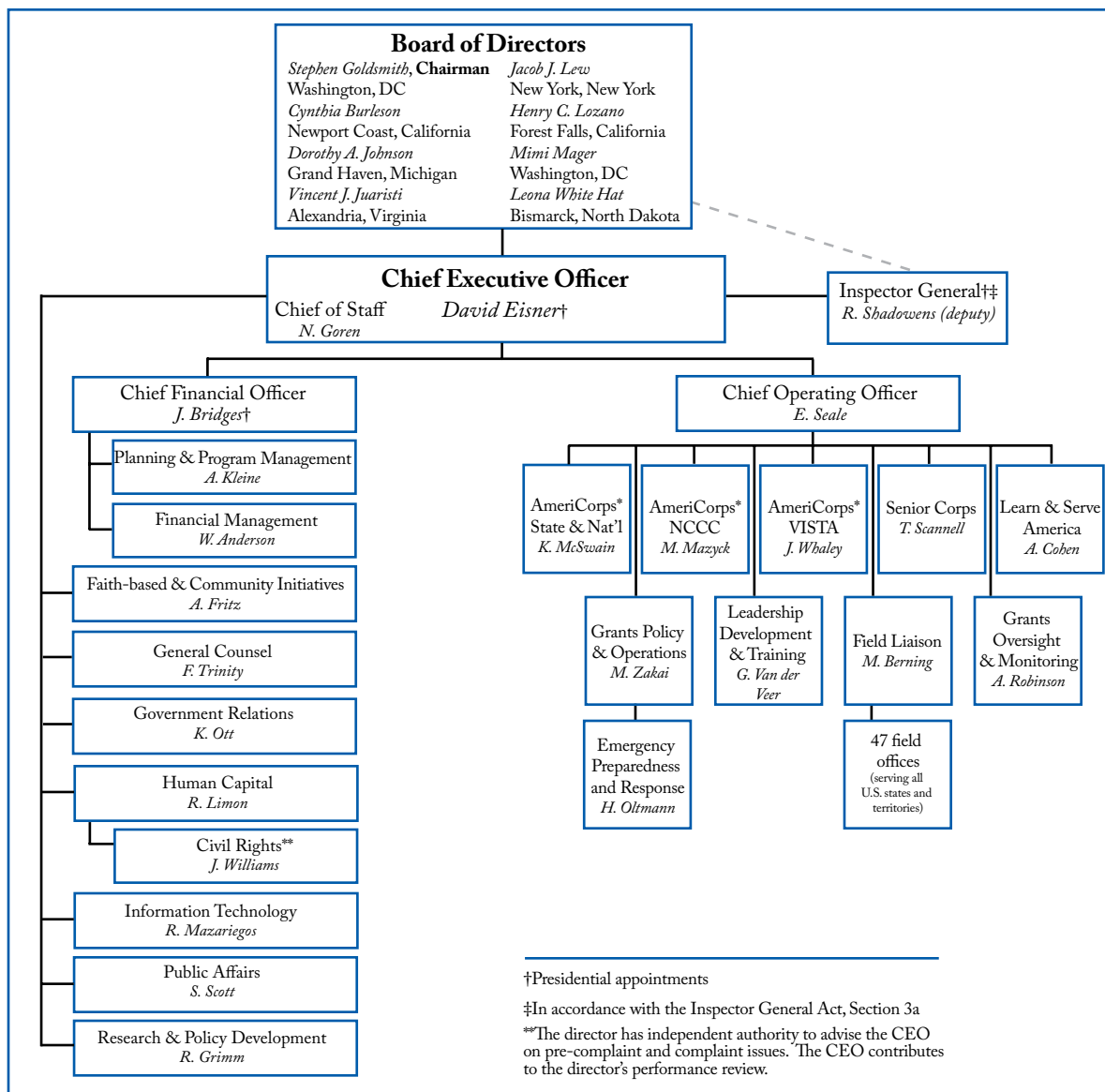
| STRATEGIC GOALS | STRATEGIC INITIATIVES | | | |
|---|--|--|--|--|
| | CHILDREN AND YOUTH | VOLUNTEER GENERATION AND MANAGEMENT | STUDENTS IN SERVICE | BOOMERS IN SERVICE |
| Goal 1: Meet Critical Needs in Local Communities Through Service | Improve the circumstances and prospects for disadvantaged youth through mentoring and service interventions | Empower local citizens to meet their own most pressing needs through effective volunteer engagement and management | Turn students into a key resource for meeting the most pressing needs of the communities in which they live | Utilize the emerging wave of Boomers as a principle asset in responding to communities' most pressing needs, including needs exacerbated by the aging of the population |
| Goal 2: Strengthen Communities to Engage Citizens | Build the capacity of communities across America to recruit, train, match, and support millions of mentors; and to engage and support millions of disadvantaged youth in service | Provide management support resources, best practices and partnerships to dramatically expand communities' capacity to recruit, manage, and retain volunteers | Strengthen the connection and natural alliance between key community organizations and institutions and the schools and students in that community, and focus on the school goal of turning out more connected, engaged citizens | Expand nonprofit capacity to engage, manage, and retain Baby Boomer volunteers |
| Goal 3: Engage Americans in a Lifetime of Volunteering and Service | Make mentoring the epitome of ongoing, engaged service, and support the transition from episodic volunteering to mentoring | Provide service as a regular part of all Americans' lives | Maximize the opportunities for student service and service learning to become the on-ramp to a lifetime of civic engagement for young Americans | Capture Boomers in service now so that they will stay engaged as they pass the traditional age of retirement and reaffirm the importance of engagement to subsequent generations |

The plan also identifies sustaining management excellence as one of the Corporation's key goals, and puts forth a number of operational goals and strategies for improving virtually all areas of internal management and customer service to our stakeholders.

ORGANIZATION

Headquartered in Washington, D.C., the Corporation is an independent federal agency. The Corporation has a Board of Directors, Chief Executive Officer (CEO), and Chief Financial Officer (CFO) appointed by the President and confirmed by the Senate. The CEO manages the agency, including about 560 employees who work throughout the United States and its territories. The Board of Directors sets policies and direction for the Corporation and is responsible for all actions taken by the CEO with respect to standards, policies, procedures, programs, and initiatives necessary to carry out the mission of the Corporation. State offices conduct public outreach and program support and are directly responsible for developing grants and projects and for overseeing all Senior Corps and AmeriCorps*VISTA projects in their states. The Corporation's structure also includes four National Civilian Community Corps (NCCC) campuses and five Financial Service Centers (soon to be a single Field Financial Management Center).

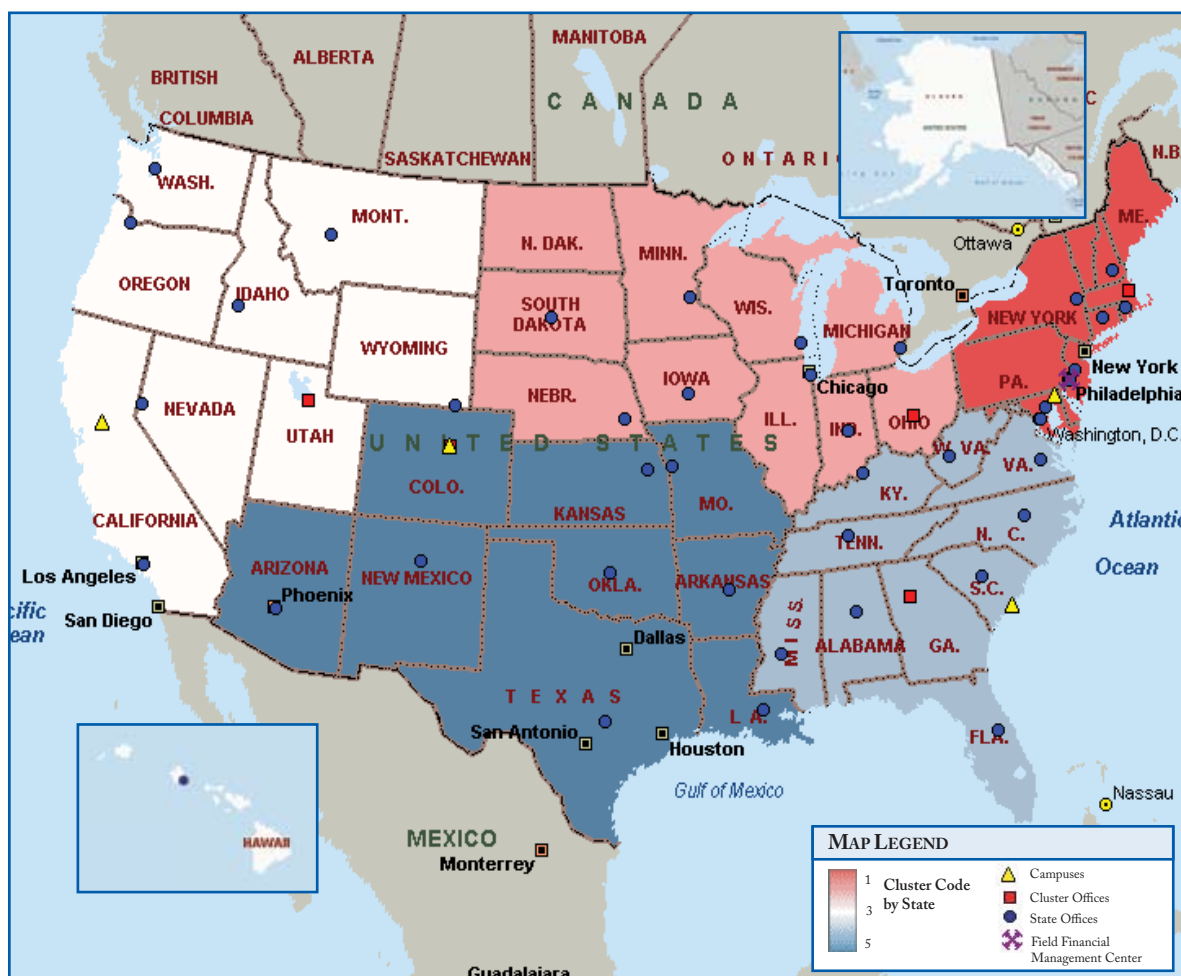
Figure 1. Corporation organizational chart



The agency also works through state-sponsored organizations:

- » **State Service Commissions** provide Corporation funding to AmeriCorps programs through annual grant competitions. In addition, the Commissions manage, monitor and evaluate these AmeriCorps programs. State Service Commissions also are charged with encouraging volunteering in their states. They often administer special volunteer initiatives and community-based service-learning programs.
- » **State Education Agencies (SEAs)** receive formula-based funds from Learn and Serve America. Most of the funds are distributed by sub-grants to schools and school districts that work with one or more community partner organizations to create service-learning projects that simultaneously meet community needs and support the development of students' academic, civic, and service skills. SEAs also build networks of teachers and school administrators, parents, and community agency partners who are knowledgeable about service-learning and work to ensure that any school or community can start or expand service-learning.

Figure 2. Corporation field officesⁱ



i. Area managers are located in Denver, Colorado; Salt Lake City, Utah; Atlanta, Georgia; Columbus, Ohio; and Boston, Massachusetts.

PROGRAMS

The Corporation operates three major sets of programs—Learn and Serve America, AmeriCorps and Senior Corps—and a number of smaller programs and activities. These programs are united in a common purpose—engaging citizens in volunteering to improve their communities. For more information, please visit www.nationalservice.gov/about/programs/index.asp.

LEARN AND SERVE AMERICA

Learn and Serve America supports service-learning activities in schools, colleges, and community organizations, annually helping over one million students from kindergarten through college meet community needs while improving their academic skills and learning the importance of good citizenship. Learn and Serve America grants are used to create lasting programs that anchor service-learning in schools, colleges and youth programs. Funds are used to provide or replicate existing programs, as well as to provide training and development to staff, faculty, and volunteers and to support service activities. Learn and Serve programs engage youth in providing needed service to their community, including mentoring and tutoring, health care and education, community clean-up, and disaster preparation and recovery.

AMERICORPS

AmeriCorps is a network of national service programs that meet critical needs in areas such as education, public safety, health, and the environment through partnerships with public agencies, nonprofits, faith-based and other community organizations. AmeriCorps engages more than 70,000 individuals of all ages in intensive, community service. These AmeriCorps members leverage about one million community volunteers to help build the capacity of nonprofit organizations and provide a broad range of direct services, such as tutoring and mentoring youth, building affordable housing, teaching computer skills and cleaning parks and streams. AmeriCorps members earn an education award upon completion of their service of up to \$4,725 to help finance their education. AmeriCorps includes three programs:

- » **National Civilian Community Corps (NCCC)** engages men and women ages 18-24 in a full-time, team-based, residential program. These members provide flexible response capabilities to meet community needs.
- » **State and National** provides grants to nonprofit organizations to engage Americans of all backgrounds in service to address community needs in education, public safety, health, the environment, and other human needs.
- » **Volunteers in Service to America (VISTA)** provides full-time volunteers to community organizations to help create and expand anti-poverty programs and build the capacity of the organizations where they serve.

SENIOR CORPS

Senior Corps is a network of programs that uses the experience, skills, and talents of about 500,000 volunteers age 55 and older to meet community needs through service with more than 65,000 local nonprofits, public agencies, and faith-based organizations and other community organizations. Senior Corps includes three programs:

- » **RSVP** provides the most flexibility for service—volunteers choose how, where, and how often they want to serve, with commitments ranging from a few hours to 40 hours per week. Volunteers are eligible to receive reimbursement for mileage and insurance coverage while on assignment.
- » **Foster Grandparent Program (FGP)** provides support and service to children and youth with exceptional needs in a variety of settings including hospitals, drug treatment centers, and child care centers. Volunteers provide direct service 15-40 hours per week. Volunteers must be age 60 or over and must meet income eligibility requirements to receive a monetary stipend of \$2.65 per hour.
- » **Senior Companion Program (SCP)** enables individuals aged 60 and up to assist frail, homebound individuals with daily living tasks such as bill paying, buying groceries and finding transportation for medical appointments. Senior Companions serve 15-40 hours per week and receive ongoing training in topics such as Alzheimer's disease and stroke. Those who meet income requirements receive a monetary stipend of \$2.65 per hour.

OTHER CORPORATION PROGRAMS

These programs include partnerships with the Points of Light Foundation to support volunteer centers and employee volunteer programs and with America's Promise to help build the character and competence of America's youth. The Corporation also operates a number of smaller grant programs, such as the Martin Luther King, Jr. Day of Service grants to engage volunteers in specific short-term community projects, Disability Grants to effectively engage individuals with disabilities

in service, Next Generation Grants to develop innovative approaches and new community organizations and Challenge Grants to promote greater private support. Moreover, the Corporation provides extensive training and technical assistance to nonprofit organizations, operates a National Service-Learning Clearinghouse, and provides Presidential Freedom Scholarships and President's Volunteer Service Awards to people who demonstrate a substantial commitment to volunteering.¹

Table 2. Corporation program contributions to the strategic goals

| CORPORATION PROGRAM | STRATEGIC GOAL | | |
|---|--|--|---|
| | MEET CRITICAL NEEDS IN LOCAL COMMUNITIES THROUGH SERVICE | STRENGTHEN COMMUNITIES TO ENGAGE CITIZENS | ENGAGE AMERICANS IN A LIFETIME OF VOLUNTEERING AND SERVICE |
| Learn and Serve America | Engages young people in service projects to help their schools and communities | Strengthens the commitment to service in the nation's schools by integrating service into the curriculum | Builds an ethic of service in young people, helping to ensure the American people continue to honor their responsibilities to their neighbors and communities |
| AmeriCorps [AmeriCorps*National Civilian Community Corps (NCCC); AmeriCorps*State and National; and AmeriCorps*Volunteers in Service to America (VISTA)] | <p>NCCC: Assists communities with special projects and mobilizes to provide disaster relief</p> <p>State and National: Provides a wide range of direct services to the nation's neediest citizens and communities</p> <p>VISTA: Provides support to nonprofit organizations to help fight poverty</p> | <p>NCCC: Brings communities together around improvement and renewal projects, helping to establish lasting partnerships and coalitions to meet community needs</p> <p>State and National: Leverages community volunteers by providing volunteer recruitment and management support to community organizations</p> <p>VISTA: Builds the capacity of nonprofit organizations by assisting with fund-raising, promoting donations of goods and services, recruiting and managing volunteers and improving project operations and effectiveness</p> | <p>NCCC: Provides a team-based, residential service experience that builds members' life and job skills, as well as the motivation to continue in public service</p> <p>State and National: Encourages lifelong community service by showing members they can make a difference</p> <p>VISTA: Encourages lifelong community service by showing members they can make a difference and training members in nonprofit and volunteer management</p> |
| Senior Corps [RSVP; Foster Grandparent Program (FGP); and Senior Companion Program (SCP)] | <p>RSVP: Provides a wide range of direct services to the nation's neediest citizens and communities</p> <p>FGP: Provides mentoring and other support to children with exceptional needs</p> <p>SCP: Provides support services to frail and elderly adults to enable them to continue living independently</p> | <p>RSVP, FGP, and SCP: Builds the capacity of nonprofit organizations to serve additional people, expand services offered and/or improve service effectiveness</p> | <p>RSVP, FGP, and SCP: Encourages community service among seniors by providing rewarding volunteer opportunities and significant health and social benefits to the volunteer; RSVP also leverages additional volunteers</p> |

1. The Presidential Freedom Scholarship ends in FY 2006.

RECENT FUNDING HISTORY²

Table 3. Corporation program enacted appropriations: FY 2003–2006 (dollars in millions)

| PROGRAM | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--|-----------------|-----------------|-----------------|-----------------|
| Learn and Serve America | \$42.72 | \$42.75 | \$42.66 | \$37.13 |
| AmeriCorps | | | | |
| AmeriCorps*NCCC | 24.84 | 24.85 | 25.30 | 36.73* |
| AmeriCorps*State and National | 173.86 | 312.15 | 287.60 | 264.83 |
| AmeriCorps*VISTA | 93.67 | 93.73 | 94.24 | 95.46 |
| National Service Trust | 99.35 | 129.23 | 142.85 | 138.60 |
| Senior Corps: | | | | |
| RSVP | 58.50 | 58.16 | 58.53 | 59.69 |
| Foster Grandparents | 110.78 | 110.12 | 111.42 | 110.94 |
| Senior Companions | 46.26 | 45.99 | 45.90 | 46.96 |
| Special Volunteer Programs | 9.93 | 9.88 | 4.96 | 0.00 |
| Partnership Grants | 14.91 | 14.91 | 14.38 | 14.85 |
| Innovation, Demonstration and Assistance Activities | 35.27 | 11.16 | 13.23 | 16.28 |
| Evaluation | 2.98 | 2.98 | 3.52 | 3.96 |
| State Commission Administrative Grants | | 11.93 | 11.90 | 12.52 |
| Program Administration | 66.64 | 61.32 | 64.48 | 66.08 |
| Inspector General | 5.96 | 6.21 | 5.95 | 5.94 |
| CORPORATION TOTALS | \$786.06 | \$935.36 | \$926.93 | \$909.97 |

*Includes \$10 million in Emergency Supplemental funds provided for NCCC in PL 109-234.

2. For a summary of the Corporation's appropriations history for FY 1994-2007, please visit www.cns.gov/about/role_impact/performance.asp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MISSION PERFORMANCE

HIGHLIGHTS

In FY 2006, the Corporation continued to make significant progress in pursuing its mission to improve lives, strengthen communities, and foster civic engagement through service and volunteering.

In February 2006 the Corporation's Board of Directors adopted a new five-year Strategic Plan that embraces a set of ambitious but achievable goals centered on a national vision that a better future for all Americans relies on a culture of widespread service. The plan identifies four key areas in which the Corporation has committed to focusing its resources and efforts over the next five years. These four areas—Mobilizing More Volunteers, Ensuring a Brighter Future for All of America's Youth, Engaging Students in Communities, and Harnessing Baby Boomers' Experience—reflect emerging demographic, social, and economic trends that present significant challenges and opportunities for the Corporation and our nation.

In fulfilling its overall mission, the Corporation in FY 2006:

- » Sponsored and/or leveraged about 3.8 million people who served through Corporation programs. Two million volunteers participated in service as AmeriCorps members, Senior Corps volunteers, and Learn and Serve participants. The remaining 1.8 million volunteers were community members leveraged (recruited and/or managed) through Corporation programs;
- » Helped more than 70,000 nonprofit organizations, public agencies, and educational institutions expand their capacity to meet community needs through service;
- » Provided about 216 million hours of service to help meet the nation's educational, environmental and other human needs, including recovery from the devastating Gulf Coast hurricanes of 2005;
- » Delivered independent living services to nearly 108,000 frail or elderly clients;
- » Provided mentoring or other support services to more than 15,800 children of prisoners; and
- » Enabled 436,000 children and youth from disadvantaged circumstances to serve their communities.¹

Across the federal government, national service and volunteering efforts are being used to strategically address a myriad of social issues, and a number of other agencies are looking to the Corporation to help in their efforts.

For example, in FY 2006 the Corporation initiated the formation of a cross-agency Federal Mentoring Council to provide better coordination of federal mentoring resources. Senior-level representatives from the U.S. Departments of Health and Human Services, Education, Labor, Defense, Agriculture, Justice, Housing and Urban Development, and the Corporation have already set an agenda of key policy initiatives that need to be addressed related to mentoring. To provide the Council with valuable input concerning the on-the-ground implications of any change in policy, the Corporation put together a National Mentoring Working Group, comprising nonprofit leaders in the field of mentoring. Together, we hope to provide mentoring services to 3 million additional children and youth from disadvantaged circumstances by 2010, as well as to engage more than 3 million such youth in community service themselves.

Another example of cross-agency collaboration is the Department of Justice (DOJ) teaming with the AmeriCorps*VISTA program to place VISTA members in communities served by DOJ "Weed and Seed" sites. The Justice Department reports that this effort has resulted in a leveraging of resources and development of local capacity that could not have been achieved otherwise. The partnership has also served as a springboard for increasing VISTA involvement in prisoner re-entry programs.

The Corporation also formed a number of key partnerships with other organizations and agencies in FY 2006 as part of its effort to raise total number of adult volunteers in America to 75 million by the year 2010, up approximately 10 million from the current level.

1. Final accomplishments data will be known in January 2007.

For example, the Corporation:

- » Launched the “Get Involved” campaign to engage Baby Boomers in service in December 2005 at the White House Conference on Aging. The public service ad campaign is a key component of the Corporation’s Strategic Plan goal of increasing the number of Baby Boomers engaged in service to 28.8 million in 2010, up approximately 3 million from the current level;
- » Launched the “Bring Learning to Life” public service ad campaign to encourage school districts to incorporate service-learning activities into their curricula. This campaign is a key component of the Corporation’s goal of engaging students in service. We want to see service-learning in 50 percent of schools by 2010, up from 30 percent today;
- » Launched the “Make a Difference: Volunteer” national radio ad campaign to encourage Americans of all ages and backgrounds to volunteer, through USA Freedom Corps and the President’s Council on Service and Civic Participation;
- » Began efforts to greatly expand national participation in The Martin Luther King, Jr. Day of Service by providing targeted training, resources, toolkits, and promotional materials. (The Corporation was charged by Congress in 1994 to make the annual holiday in honor of Dr. King a day of community service, and has been leading the effort ever since.);
- » Released a number of research reports to spur the national discussion of volunteering in America, including the first-ever “state by state” breakdown of volunteer data (*Volunteering in America: State Trends and Rankings*). Other reports and studies released by the Corporation in FY2006 include: *Volunteers Mentoring Youth: Implications for Closing the Mentoring Gap*, which provides national information on mentors and strategies to recruit more mentors; the *Youth Helping America* series, which looks at the role of social institutions in teen volunteering, as well as exposure to service-learning and other forms of school-based service; and *College Students Helping America*, which takes a closer look at the volunteering habits and tendencies of college students;
- » Launched the 10 x 10 campaign at the National Conference on Volunteering and Service to recruit 10 million more volunteers by 2010. At this event, the premier gathering of leaders in the world of volunteering and national service, we secured promises from a number of leading organizations to increase the number of volunteers they use by 15 percent; and
- » Initiated the President’s Higher Education Community Service Honor Roll which recognized over 500 colleges and universities across the country for outstanding community service by their staff and students. The Honor Roll was conducted in partnership with the President’s Council on Service and Civic Participation, the USA Freedom Corps, and the U.S. Departments of Education and Housing and Urban Development. The program is a key component in the Corporation’s national effort to increase the number of college students who volunteer to 5 million by 2010.

In part because of these and other partnerships, the Corporation in FY 2006 also witnessed noteworthy progress in strengthening the capacity of communities and organizations. To help strengthen local organizations, the Corporation has gradually increased the share of non-federal funds that grantees must provide to receive funds. Corporation programs are designed as public-private partnerships in which grantees must match a certain percentage of funds awarded in cash or other resources. Each year, in fact, Corporation grantees collectively raise more than \$350 million in private support.

In 2005, the Corporation completed the AmeriCorps rulemaking process, in which grantees, over time, are required to “match” a greater percentage of each Corporation dollar awarded. Increasing the amount of non-Corporation funds raised by grantees is a priority across all programs, and we have recently seen some noteworthy results. For example, across the Corporation, the percentage of grantee/project resources raised from non-Corporation sources jumped from 38.6 percent in FY 2005 to 44.1 percent in FY 2006—easily exceeding our FY 2006 goal of 42 percent and well on the way to our FY 2010 target of 47 percent.

Services performed by volunteers and participants in Corporation programs, such as mentoring at-risk youth and caring for the frail elderly yield enormous economic benefits to the nation.² As Secretary of Health and Human services Mike Leavitt has said: “When we talk about volunteering,

2. In economic terms, the Corporation helps to address a deficit in the ability of market supply/demand to meet the needs of our citizens—a concept termed, the “consumer deficit zone” of the supply/demand curve.

CNCS RESPONSE TO HURRICANE KATRINA

The hurricanes of 2005 that struck the Gulf Coast flooded almost 80 percent of New Orleans and washed away many towns along the coast; hundreds of thousands of Americans were left without homes. From the first days after landfall, AmeriCorps was in the Gulf, helping responder organizations ensure that people in dire need were connected with food, water, shelter, and other critical support.

Since then, the Corporation for National and Community Service, working in cooperation with FEMA, the Red Cross, state and local authorities, and other national, state, and community disaster relief organizations, has supported more than 35,000 national service program participants who have contributed more than 1.6 million hours. An additional 115,000 volunteers were leveraged to help with all aspects of hurricane relief and recovery efforts. Through response to the destruction caused by this disaster, the National Service network, spearheaded by the Corporation, has established itself as a vital component in the effort to rebuild lives and restore communities.

Corporation programs established and operated evacuee shelters, assisted with emergency communications, coordinated the warehousing and distribution of donated goods, cleared debris, eradicated mold and other hazardous conditions, repaired roofs, restored housing and public facilities such as schools and parks, coordinated the involvement of volunteers from all over the country, raised funds and other donations, and provided meals and social services to evacuees. Throughout the year, Corporation programs, their participants, and their volunteers demonstrated the flexibility and responsiveness so critical to the effective disaster response, earning recognition and gratitude from residents and public officials throughout the region. As Mississippi Governor Haley Barbour noted: "Recovering, rebuilding, and renewing the Gulf Coast will take many years. Katrina has taught us many lessons, including the value of National Service when dealing with disaster relief."

Among other activities:

- » AmeriCorps St. Louis Emergency Response Team members served in Pass Christian, MS, a community that lost 75 percent of its homes and 100 percent of its businesses, continually since September 2005—removing debris, running a volunteer camp and supporting volunteers to assist in recovery efforts, organizing and distributing donated goods, and managing an information and referral center for town

residents. The Acting Mayor of "the Pass" testified that AmeriCorps has been vital to his town's recovery.

- » More than \$60 million in AmeriCorps, Learn and Serve America, and other program grants were awarded by the Corporation to help Gulf communities engage a wide range of resources, including volunteers, in recovery and rebuilding. Key grantees include Habitat for Humanity, the Hands On Network, Boys and Girls Clubs of America, YouthBuild, and the National Association of Service and Conservation Corps, as well as the Xavier and Tulane Universities, the University of Southern Mississippi, and National Campus Compact.
- » Corporation-sponsored RSVP volunteers, such as those in the Waveland, MS, sorted truckloads of food, clothing, water, hygiene supplies, cleaning supplies and baby items and helped to feed hundreds of displaced residents and relief workers.
- » AmeriCorps*VISTA members are rebuilding local capacity by supporting a variety of community nonprofit organizations in the Gulf, including local Long-Term Recovery Committees, to help coordinate volunteers and respond to community needs.
- » Through its Challenge Grant Program, the Corporation created new partnerships with organizations like the Nazarene Compassionate Ministries and expanded existing partnerships with the Points of Light Foundation, Hands On Network, and Habitat for Humanity. These efforts are bringing thousands of additional volunteers to help with recovery efforts in stricken Gulf Coast communities.
- » More than 20,000 student volunteers supported by Learn and Serve America assisted on relief projects in the Gulf, raised funds, and collected and distributed donations.
- » Three institutions, including Jackson State University, Louisiana State University, and Tulane University, received the President's Award for Hurricane Relief as part of the first-ever President's Higher Education Community Service Honor Roll. Tulane requires all students to volunteer in the New Orleans community, supports the Mardi Gras Service Corps (which organizes students to participate in recovery), and sponsors AmeriCorps*VISTA members to engage public school students, college students, and community volunteers in service.
- » More than 1,900 NCCC members have performed 800,000 service hours on 350 projects, leveraging 68,000 volunteers. Members have "mucked out" 3,700 homes, built hundreds of houses, and assisted nearly 2 million people. They are, for example, building new homes with Habitat for Humanity; managing community donation centers, and, in St. Bernard Parish, managing

volunteer camps and coordinating the service of hundreds of volunteers on a daily basis.

As a result of the lessons learned about the role of National Service and the voluntary sector in disaster response, the Corporation established a new Office for Emergency Preparedness and Response to lead its efforts to help the nation prepare for and respond to disasters. The Corporation is also developing new long-term partnerships with key partners, such as FEMA, the American Red Cross, National Voluntary Organizations Active in Disasters, and other volunteer organizations.

The Corporation is also beginning to play a stronger role in the National Response Plan (the Corporation is one of 30 signatory agencies), with opportunities to engage its programs in national, state, and local preparedness and response activities—especially the mobilization and coordination of additional volunteers.



Gulfport, Mississippi

Members of AmeriCorps*NCCC and corporate volunteers from Starbucks work with Kent Adcock, an Associate Director with Habitat for Humanity International, to secure a newly raised wall. This will be a bunkhouse for volunteers assisting with recovery on the Gulf Coast, and then presented to a displaced resident.

SOURCE: FEMA photo by George Armstrong

Figure 3. Locations where hurricane relief activity, including care for evacuees, was carried out and the locations from which Corporation program teams traveled to participate in response efforts



Mission Performance

we're talking about the health of the nation...its physical health, its moral health, and its economic well-being. It is, in fact, the economics of goodness at work."

To be sure, measuring the economic impact of the Corporation's programs and activities requires continuous work because of the broad range of activities the Corporation supports; the range of skills brought to their service by our members and volunteers; and the difficulty of tracking the long-term benefits of volunteers' various social interventions. Such benefits include not only the immediate value of the 216 million hours of service given by our programs' participants in 2006—an estimated \$3.9 billion,³ but also huge value-added, indirect and long-term benefits.

For example, in-home assistance for older Americans helped to limit the number of older Americans that entered a nursing home in FY 2006, which in turn provided savings to families, insurance companies, Medicaid, and other government programs. Similarly, Corporation programs correlated with lower school absenteeism and crime rates among youth may have reduced adjudication, incarceration, and lost productivity costs.

And there's one more benefit of volunteering that goes beyond the dollar figure. As we learned so vividly over the past year through our service projects related to hurricane relief and recovery, volunteering and service has the power to inspire and bring hope to those in need. Having compassionate people from all over the United States donating their time in the Gulf provided despairing residents with evidence that they are not alone or forgotten. Volunteer support has inspired them to go forward in trying to rebuild their homes and communities. Moreover, the feeling of connectedness that results from participating in or receiving services from the Corporation's programs and activities helps support an ethic of service and responsibility toward one's neighbors, which in turn helps to promote the values that are so critical to the country's stable, successful democracy and vibrant economy.

The same power of volunteering and service to inspire hope and purpose among participants and clients alike applies across the range of programs administered by the Corporation, whether it be at-risk children who get the special attention they need from tutors and mentors to set their lives right; the frail and lonely seniors who need a daily dose of companionship to keep their spirits up; or the AmeriCorps members who decide to pursue a career in teaching or the nonprofit sector as a result of their national service experience. These benefits truly cannot be measured in traditional economic terms.

The following are the key Corporation Performance Measures relating to the agency's strategic mission of improving lives, strengthening communities, and fostering civic engagement through service and volunteering. With the exceptions noted in this report, the financial and performance data provided in the FY 2006 Performance and Accountability Report are complete and reliable. This year, the agency took steps to implement relevant data collection efforts and will continue to improve its timely performance reporting.

Table 4. Corporation mission performance measures summary table

| GOAL/PERFORMANCE MEASURE | FY 2004 | FY 2005 | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|--|---|---------|-------------------|-------------------|-------------------|-------------------|
| Goal 1: Meet Critical Needs in Local Communities Through Service | | | | | | |
| Service to Communities: | | | | | | |
| Number of service hours provided through Corporation programs (in millions) ⁱ | 204 | 215 | 202 | 216 | 197 | 300 |
| Percent of Corporation-funded grantees meeting program/project performance goals ⁱⁱ | Data for this measure is under development. | | | | | |
| Children & Youth: | | | | | | |

3. This estimate is based on the Independent Sector's conversion rate of about \$18.04 for each hour of volunteer time.

| GOAL/PERFORMANCE MEASURE | FY 2004 | FY 2005 | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|---|---------|---------|-------------------|---|-------------------|-------------------|
| Number of children and youth in disadvantaged circumstances who receive mentoring services nationally each year (in millions) ⁱⁱⁱ | NA | 2.5 | 3.0 | Data available 2/07 | 3.5 | 5.5 |
| Number of children of prisoners receiving mentoring or other support services through Corporation programs ^{iv} | 12,500 | 16,251 | 16,500 | 15,800 | 19,000 | 27,000 |
| Number of children and youth from disadvantaged circumstances serving their communities through Corporation programs ^v | 295,700 | 486,230 | 486,000 | 436,800 | 486,000 | 605,700 |
| Disaster Response: | | | | | | |
| Number of volunteers providing disaster response through Corporation programs ^{vi} | — | — | — | 150,000 | — | — |
| Independent Living: | | | | | | |
| Number of clients who receive support through Corporation programs to live independently ^{vii} | 75,000 | 98,586 | 135,000 | 108,000 | 165,000 | 250,000 |
| Goal 2: Strengthen Communities to Engage Citizens | | | | | | |
| Grantee Capacity: | | | | | | |
| Percent of program/project resources from non-Corporation sources ^{viii} | 40.5% | 39.1% | 38.5% | 44.0% | 43.5% | 47.0% |
| Percent of organizations that say AmeriCorps members helped them to increase the number of persons served to a large or moderate extent ^{ix} | 78% | 92% | 90% | NA; next survey conducted in FY 2007 | 90% | 90% |
| Volunteer Management: | | | | | | |
| Percent of all nonprofits that regularly use effective volunteer recruitment and management practices ^x | 31% | NA | NA | NA; future data source to be determined | 40% | 50% |
| Service-Learning: | | | | | | |
| Percent of all kindergarten through grade 12 public schools that have incorporated service-learning into their curricula | 29% | NA | 38% | NA; future data source to be determined | 41% | 50% |
| Goal 3: Engage Americans in a Lifetime of Volunteering and Service | | | | | | |
| Volunteer Generation:^{xi} | | | | | | |
| Number of Americans who volunteer (in millions) ^{xii} | 64.5 | 65.4 | 67.8 | Data available 1/07 | 69.9 | 75.0 |
| Number of volunteers generated through Corporation-funded programs (in millions) ^{xiii} | 2.4 | 3.6 | 3.3 | 3.8 | 3.4 | 4.0 |
| Percent of former AmeriCorps*State and National members who continue to volunteer in their communities after their term of service ^{xiv} | 81% | 71% | 86% | 59% | 87% | 90% |
| Student Volunteers: | | | | | | |
| Number of college students engaged in service nationally (in millions) ^{xv} | 3.3 | 3.3 | 3.8 | Data available 2/07 | 4.0 | 5.0 |

See notes at end of table.

| GOAL/PERFORMANCE MEASURE | FY 2004 | FY 2005 | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|--|---------|---------|-------------------|---------------------|-------------------|-------------------|
| Baby Boomer Volunteers: | | | | | | |
| Number of Baby Boomers engaged in volunteering nationally (in millions) ^{vi} | 25.7 | 25.8 | 26.1 | Data available 2/07 | 26.4 | 28.7 |
| Volunteer Benefits: | | | | | | |
| Percent of former AmeriCorps*State and National members indicating that their service experience and training helped to a large or moderate extent in their job, educational pursuits or community service activities ^{vii} | 93% | 86% | 93% | 82% | 93% | 93% |
| Percent of Learn and Serve America grantees reporting positive impacts on academic performance of participants ^{viii} | 79.7% | 83.4% | 89.4% | 89.9% | 92% | 95% |
| Percent of Senior Corps volunteers who report that their service has improved their knowledge, health or social connectedness ^{ix} | 94% | NA | NA | NA | NA | 94% |

- i. Estimated. Includes services that result from Corporation programs, including those provided through affiliated program participants (i.e. AmeriCorps members, Senior Corps volunteers, and Learn and Serve America participants), as well as unaffiliated community volunteers (i.e. the additional community volunteers leveraged through affiliated members/programs). Also includes service hours generated through “Martin Luther King, Jr. Day of Service” grants, Challenge Grants, Next Generation Grants and the Special Volunteer Program. Final data/estimates will be completed based on further grantee-provided data by January 2007. The FY 2007-2010 targets will be reassessed based on final FY 2006 performance.
- ii. In FY 2004, the Corporation began requiring its grantees to identify and report on their performance against goals and measures established by the grantee. Since most Corporation grants cover a three-year period, data for the percentage of all Corporation grantees that meet their program/project performance goals for their “end-of-grant” impact is not yet available. More specifically, data for State and National will be available by April 2007. NCCC, which does not issue grants, but instead directly conducts projects, does not collect this information; the Corporation is considering including the number of NCCC projects meeting their project goals. Data on grantees meeting or on track to meet these goals is available for some programs; however, frequently, initial year grantee goals relate to the project’s operational implementation and do not reflect the outcomes. In addition, the specific methodology for calculating this data will be established to clarify the grantees’ objectives to be included, and the basis for considering these objectives to have been met. The e-grants systems will be modified to enable more efficient and rapid assessment of grantee performance and avoid the review of grantee text-based performance descriptions as the data source for selected programs.
- iii. Data from the Current Population Survey Supplement on Volunteering will be available in February 2007; data represents the number of Americans who mentor children and youth. This number may differ from the actual number of youth from disadvantaged circumstances mentored because 1) some mentors may mentor youth who are not from disadvantaged circumstances, and/or 2) many mentors serve more than one youth. An improved data source for the number of actual children from disadvantaged circumstances mentored is under development.
- iv. Estimated. Partial data available January 2007 through Corporation reporting systems, except for AmeriCorps*State and National which will be available in February 2008. Current estimate does not include children of prisoners mentored through State and National or NCCC.
- v. Estimated. Includes those serving through LSA (407,270), State and National (8,350) and Partnership Grants (21,230); does not include those serving through NCCC, VISTA or other Corporation programs. “Youth” includes up to age 24. Further data will be available in 2007.
- vi. FY 2006 includes 35,000 national service program participants and 115,000 leveraged community volunteers. The level of Corporation performance depends primarily on the incidence of disasters. Therefore, only the current year data is provided and no targets are set.
- vii. For FY 2004, includes clients served only by participants in the Senior Companion Program; for FY 2005 and beyond, also includes clients served through the RSVP program. In FY 2006, includes estimated clients served (48,000 by RSVP; 60,050 by SCP). The Corporation is on track to meet its 2006 target. Final FY 2006 data from other programs to be available in January 2007.
- viii. Represents the proportion of all program/project resources, including not only the “match” funding amounts required of grantees, but also any additional grantee funding that supports the program/project.
- ix. Results are for AmeriCorps*State and National only. The survey that provides data for this measure was not conducted in FY 2006. In FY 2004, the survey allowed responses of “considerably helped” and “moderately helped,” as well as other less positive responses; in addition the survey did not include a filter question to identify those organizations where the AmeriCorps*State and National member did/did not have the goal of increasing the number of persons served. In FY 2005, the survey allowed somewhat differently worded responses of “helped to a great extent” and “helped to a moderate extent,” as well as other less positive responses; in addition, this survey included a filter question to identify those organizations for which this was an intended goal. These changes affected the percentages reported. The cause of the large increase from FY 2004 to FY 2005, however, has not been identified. The Corporation is investigating alternative survey mechanisms to obtain this or similar capacity-building data for all the AmeriCorps programs.

- x. Data for FY 2004 was obtained from a one-time survey of charities and congregations conducted by the Corporation and sponsored by UPS. Plans to obtain this data in the future have not yet been established.
- xi. In prior years, the following measure was included: percent of former AmeriCorps members who accepted public service employment (including governmental and nonprofit work) within three years after completing their AmeriCorps service. This measure has been omitted for FY 2006 pending further data source development. Data for this measure had been obtained from the Corporation's Longitudinal Study of AmeriCorps Members from a survey of a cohort of former members three years following their service. This same cohort was surveyed in FY 2006 four to five years following service; however, this survey did not obtain a sufficient number of responses to be statistically reliable for NCCC and VISTA. The Corporation plans to survey this same cohort in FY 2007 six to seven years following service. The Corporation also plans to develop a comparable measure/data source that assesses former member behavior for each "graduating class" of members consistently several years following service, thus providing a measure of behavior that is comparable across fiscal years.
- xii. Data from the Current Population Survey Supplement on Volunteering available in January 2007.
- xiii. Includes AmeriCorps members, LSA participants, Senior Corps volunteers and those community volunteers who are recruited and/or managed through the work of AmeriCorps program members, LSA participants, and RSVP volunteers. FY 2006 actual is estimated based on partial program data. Final data to be available in January 2007.
- xiv. Data for this measure has been obtained from the Corporation's National Performance Measurement Survey (NPMS). In 2004 the Corporation surveyed members who had been out of service for one year regarding their post-AmeriCorps over the prior year. In 2005, the agency surveyed members who had been out of service two to three years regarding their service over the prior two to three years. In 2006, the agency surveyed members who had been out of service for four to five years, but only asked them about their volunteer service in the past 12 months. We made this modification for a couple of reasons: 1) to compare these results with national results from the current population survey which provides data about the number of adults who volunteer in America; and 2) to mitigate any potential issues with memory. The 2006 survey did not obtain a sufficient number of responses to be statistically reliable for NCCC and VISTA, so only data for State and National is presented for all years in this year's PAR. In the future, the Corporation plans to continue surveying former members who have been out of service for two to three years, but ask them whether they have volunteered in the last 12 months, as well as since they left service, thus providing a measure of behavior that is comparable across fiscal years.
- xv. Data from the Current Population Survey Supplement on Volunteering available in February 2007.
- xvi. Data from the Current Population Survey Supplement on Volunteering available in February 2007.
- xvii. Decrease from FY 2004 to FY 2005 likely due to change in population surveyed from graduating members (who indicated their service will help considerably or somewhat) to former members (who indicated their service had helped to a great or moderate extent). Survey not conducted in FY 2006 for NCCC or VISTA; next survey to be conducted in FY 2007 for VISTA only. Data may be available through similar survey questions on the Longitudinal Survey for State and National and NCCC.
- xviii. Includes grantees reporting both "significant" (the greatest impact response category) and "moderate" positive impacts on academic performance. A break-out for FY 2007 and FY 2010 targets by response will be developed in FY 2007.
- xix. This measure, as worded, will be discontinued in FY 2007; the Corporation now collects information on eight specific aspects of improvements to volunteers' lives (e.g., helping them make new friends). Surveys of volunteers in RSVP, SCP and FGP will be reviewed in FY 2007 and a new measure(s) established to reflect the enormous impact of volunteer service on the elderly volunteers themselves.

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STRATEGIC INITIATIVES

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MOBILIZING MORE VOLUNTEERS



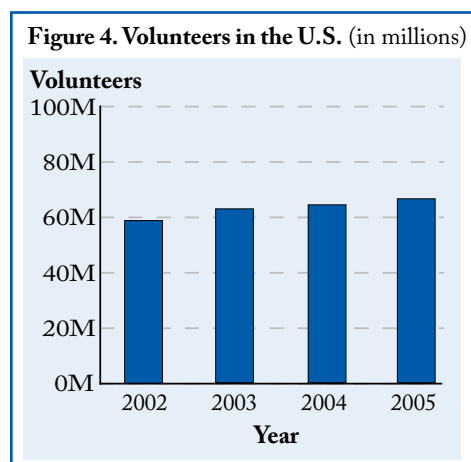
THE PROBLEM AND THE OPPORTUNITY

Volunteers are an indispensable asset to America's society. Their altruistic acts help our neediest citizens and generate substantial social and economic benefits to communities, the volunteers themselves, and the fabric of American life.

Together with volunteer and service-driven organizations across the country, the Corporation for National and Community Service aims to expand the number of Americans who currently volunteer from 65.4 million in 2005 to 75 million by 2010.

According to America's Civic Health Index, released by the National Conference on Citizenship in September 2006, Americans have significantly decreased their civic engagement over the last 30 years. Of the more than 40 indicators associated with civic health, one of the most promising signs for the future is a decade-long rebound in volunteering.⁴ However, this positive trend must be properly supported or it, too, will decline.

Research indicates that there are significant gaps in volunteering related to both education and race. In 2005, college graduates were more than four times more likely to volunteer regularly than high school dropouts, and Whites volunteered at a higher rate (30.4 percent) than did Blacks (22.1 percent), Asians (20.7 percent), and Hispanics (15.4 percent) nationwide.⁵ As these groups become a larger segment of the U.S. population, the nation's overall volunteer rate will decline, unless organizations find ways to further reach and engage these communities in formal volunteer activities. Age demographics also will influence the rate of volunteering. As the number of Americans ages 65 and over grows by nearly 20 million by 2020, Baby Boomers will either "make or break" the nation's volunteer trends.⁶



The nation cannot afford to be unprepared to respond to these trends. Volunteers are desperately needed to support the rebuilding process in the Gulf Coast. Volunteers also will continue to play a critical role in preparing and responding to future disasters, making sure children who need mentors have them, and meeting the growing needs of the frail elderly.

Through its Senior Corps, AmeriCorps, and Learn and Serve America programs, the Corporation aims to grow the number of volunteers it supports through its programs from 3.8 million in 2006 to 4 million by 2010. To grow the broader volunteer movement by 10 million by 2010, the Corporation has begun to develop new strategic partnerships with corporations, foundations, and other federal agencies; invest in research and training to

strengthen the capacity of the nonprofit sector to effectively manage volunteers; and promote greater awareness of the importance of and need for volunteers to the public.

4. National Conference on Citizenship, America's Civic Health Index, prepared by Civic Enterprises (Washington, D.C., 2006)

5. U.S. Census Bureau, Current Population Survey, Supplement on Volunteering, conducted by the Census Bureau for the Department of Labor (Washington, D.C., 2005)

6. Administration on Aging, Profile of Older Americans (Washington, D.C., 2004)

PERFORMANCE TRENDS

Table 5. Performance trends for strategic initiative to Mobilize More Volunteers (in millions)

| PERFORMANCE MEASURES | FY 2004 | FY 2005 | FY 2006 TARGET | FY 2006 TARGET | FY 2007 TARGET | FY 2010 TARGET |
|--|---------|---------|-------------------|---|-------------------|-------------------|
| National Targets | | | | | | |
| Number of Americans volunteering | 64.5 | 65.4 | 67.8 | Available in January 2007 ⁱ | 69.9 | 75.0 |
| Number of Americans regularly volunteering | 32.2 | 31.75 | 34 | Available in January 2007 ⁱⁱ | 36.5 | 43.0 |
| Corporation Targets | | | | | | |
| Number of Community Volunteers supported by Corporation-sponsored programs | 2.4 | 3.6 | 3.3 | 3.8 ⁱⁱⁱ | 3.4 | 4.0 |
| Percent of former AmeriCorps*State and National members who continue to volunteer in their communities after their term of service ^{iv} | 81% | 71% | 86% | 59% | 87% | 90% |

i. The Current Population Survey (CPS) is a monthly survey of about 60,000 households (100,000 people) conducted by the Bureau of the Census for the Bureau of Labor Statistics. The survey has been conducted for more than 50 years. The CPS is the primary source of information on the labor force characteristics of the U.S. population. Estimates obtained from the CPS include employment, unemployment, earnings, hours of work, and other indicators. They are available by a variety of demographic characteristics including age, sex, race, marital status, and educational attainment. They are also available by occupation, industry, and class of worker. The CPS also contains monthly supplements on a variety of topics including school enrollment, volunteerism, previous work experience, health, employee benefits, and work schedules. September is the month for collecting volunteering data on the Volunteer Supplement. Data for FY 2006 will be available from the September 2006 CPS supplement in January 2007.

ii. See above reference. Data for FY 2006 will be available in January 2007.

iii. Corporation for National and Community Service, projection based on agency data and progress reports, from FY2005 and FY2006.

iv. Data for this measure has been obtained from the Corporation's National Performance Measurement Survey (NPMS). In 2004 the Corporation surveyed members who had been out of service for one year regarding their post-AmeriCorps over the prior year. In 2005, the agency surveyed members who had been out of service two to three years regarding their service over the prior two to three years. In 2006, the agency surveyed members who had been out of service for four to five years, but only asked them about their volunteer service in the past 12 months. We made this modification for a couple of reasons: 1) to compare these results with national results from the current population survey which provides data about the number of adults who volunteer in America; and 2) to mitigate any potential issues with memory. The 2006 survey did not obtain a sufficient number of responses to be statistically reliable for NCCC and VISTA, so only data for State and National is presented for all years in this year's PAR. In the future, the Corporation plans to continue surveying former members who have been out of service for two to three years, but ask them whether they have volunteered in the last 12 months, as well as since they left service, thus providing a measure of behavior that is comparable across fiscal years.

PERFORMANCE ANALYSIS

The Corporation annually measures the nation's volunteering rate and frequency through a supplement to the Current Population Survey. While 2006 data will not be compiled or released until January 2007, the Corporation anticipates achieving its target of engaging 67.8 million Americans in volunteering—in large part because millions of Americans volunteered their time toward Katrina relief and recovery efforts.

In the weeks after Hurricane Katrina, 42 percent of youth ages 8 to 18 donated money to relief efforts, while 32 percent donated supplies and 18 percent collected donations.⁷ Forty percent of young adults ages 18 to 28 contributed.⁸ Moving forward, our nation's challenge is to sustain the volunteer contributions in the Gulf and find ways to engage those who responded to Katrina in ongoing volunteer opportunities within their own communities.

7. Harris Interactive, "Young People Dealing with a Real-Life Series of Unfortunate Events," Trends and Tudes, 2005

8. National Youth Leadership Council, Transitions to Adulthood, (Minneapolis, MN, 2005)

The Corporation estimates that in FY 2006, it generated approximately 3.8 million volunteers through its programs, special initiatives, and partnership grants.⁹ Learn and Serve America alone directly engaged more than 1.4 million students in service-learning and an additional 192,000 adult volunteers. An estimated 1.8 million community volunteers were leveraged by AmeriCorps members (State and National, VISTA, and NCCC); Senior Corps's RSVP volunteers, and Learn and Serve America participants; as well as organizations participating in the Martin Luther King Jr. Day of Service, and the Next Generation, Challenge, and Special Volunteer grants.

PERFORMANCE MANAGEMENT

In 2007, the Corporation will focus on increasing the number of Americans who volunteer by an additional one million and the number of those individuals leveraged by Corporation-sponsored programs by 100,000. The specific total target levels will depend on formal FY 2006 performance as reported in January 2007. Our strategy encompasses two approaches: 1) educating individuals about the need for volunteers and ways to get involved, and 2) increasing the capacity of nonprofit and community organizations to effectively recruit, train, and manage volunteers in order to realize their societal missions.

The Corporation will continue to promote the President's Call to Service to Americans by raising public awareness of the value of and need for volunteers, and managing the President's Council on Service and Civic Participation, the President's Volunteer Service Award, and the Higher Education Honor Roll recognition initiatives. The Corporation is also committed to growing volunteer participation by 20 percent in the 2007 Martin Luther King, Jr. Day of Service by better promoting the day and intentionally expanding the number of community projects in 19 cities nationwide.

The Corporation will calibrate its program resources to expand volunteer management capacity and expertise in organizations that rely on volunteers. AmeriCorps*VISTA, for example, will substantially increase the number of community volunteers its members leverage from about 509,000 in 2005 to about 613,000 by 2007. Through Senior Corps, AmeriCorps, Learn and Serve America, and our partnership with the Points of Light Foundation, the Corporation will maximize support for "volunteer connectors" such as volunteer centers, college campuses, and online volunteer entities. The Corporation will also collect and disseminate effective practices for how community organizations can better partner with faith-based congregations capable of supplying large numbers of volunteers.

Technology will play a key role in the Corporation's efforts to broadly distribute research, training, and technical assistance on effective volunteer management to the nonprofit sector. The Corporation will provide training and share its body of volunteer-related research at the many existing national, regional, and state gatherings of nonprofit, corporate, and public sector practitioners and leaders including the National Conference on Volunteering and Service. These conferences and events along with strategic partnership development will help build the networks needed to strengthen volunteering and civic life in America.

9. Projection is based on a combination of FY2005 data and available FY2006 data. Should the Corporation maintain its 05 levels of volunteer leveraging, it will achieve its target. Complete FY2006 data will be available later this year.

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ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA'S YOUTH

THE PROBLEM AND THE OPPORTUNITY

Young people today face a growing number of challenges on their way to becoming productive members of our communities capable of supporting themselves and their families. Children and youth from disadvantaged circumstances are particularly at-risk of dropping out of school and turning to drugs, alcohol, violence and other risky behaviors. The picture of America's youth today is stark.

- » 37 percent of America's youth live in poverty.¹⁰
- » Approximately 33 percent of all public high school students fail to graduate on time, if at all. For African Americans and Hispanics, that rate increases to 50 percent.¹¹
- » 25 million children do not live with their fathers.

Children and youth of incarcerated parents face additional challenges. In 2004, more than two million children had one or more parents in jail. Without intervention, 70 percent of those young people will end up in jail themselves.

Table 6. Children of prisoners statistics

| | |
|--------------------|--|
| 2 Million | Est. total in 2005 |
| 70% | Future imprisonment rate |
| 6 times | More likely to become offenders |
| 58% | Under the age of 10 years old |
| \$2 Million | Est. lifetime cost to society of a juvenile offender |

Through our Ensuring a Brighter Future for All of America's Youth strategic initiative, the Corporation is dedicating significant resources to both ensuring that millions more at-risk youth have the opportunity to have a caring mentor in their lives and engaging more youth in opportunities to serve.

STRENGTHENING MENTORING

As firm believers in the positive effect a caring adult can have in a child's life and that mentoring brings great benefits to the mentor and mentee, the agency's strategic plan identified the major goal of increasing by 3 million the number of youth in disadvantaged circumstances who will receive mentoring services. A landmark study conducted by Public/Private Ventures for Big Brothers Big Sisters of America found that their mentees were least 46 percent less likely to initiate drug use, 27 percent were less likely to drink alcohol, and that they skipped half as many days of school as those who did not have a mentor.¹²

The Corporation is working to achieve this target by pursuing two broad strategies. First, the agency is increasing its partnerships and collaboration with other federal agencies and private sector actors. In fall 2005, the President's Juvenile Justice and Delinquency Prevention Council (housed at the

10. U.S. Census, 2005.

11. The Silent Epidemic, March 2006, Civic Enterprise, John M. Bridgeland, John J. Dililio, Jr, Karen Burke Morison.

12. Building Citizenship: How Student Voice in Service-Learning Develops Civic Values, Morgan & Streb, 2001.

Mission Performance: Strategic Initiatives

Department of Justice) charged the Corporation with leading a new federal Mentoring Council and provided \$100,000 to support the effort. The Council is chaired by our CEO and is comprised of senior representatives from the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Justice, Defense, and Labor.

The Council had its first meeting on January 5, 2006. As recommended in the 2003 White House Taskforce on Disadvantaged Youth, the Mentoring Council will focus on efforts aimed at building the infrastructure and strength of the federal government's participation in the mentoring field. In addition, the Corporation has solicited the participation of key private sector mentoring organizations including Big Brothers and Big Sisters, Mentor and National Mentoring Partnership.

Second, the Corporation is actively recruiting and encouraging mentoring organizations to participate in our various grant making competitions and programs. For example, the agency highly encouraged mentoring in the new 2006 AmeriCorps State and National and Learn and Serve grant competitions. Meanwhile, VISTA continues to expand its support for effective mentoring programs such as Amachi, which strives to prevent children from following in the footsteps of an incarcerated parent. Amachi has gone from serving 300 children in Philadelphia in 2001 to serving more than 2,300 children in 85 locations with the help of 55 VISTA members in 17 states. VISTA is also piloting the Youth Aging Out of Foster Care Mentoring Project in four states (Michigan, Washington, Massachusetts, and Florida). This project works to increase the foster youth's life skills, support their continued education, and encourage them to become active members of the communities in which they live. Senior Corps, particularly through Foster Grandparents, is supports school-based mentoring.

INCREASING SERVICE OPPORTUNITIES FOR YOUTH IN DISADVANTAGED CIRCUMSTANCES

A key value of the Corporation is our belief in the power of service to affect both those who are served and those who serve. Consistent with this belief, by 2010 the Corporation set a national target to increase the number of youth in disadvantaged circumstances involved in service by over 3 million. To achieve these targets the agency is pursuing a multi-pronged strategy.

First, through efforts such as the First Lady's Helping America's Youth initiative (HAY), the Corporation is seeking to strengthen and grow partners and collaborators in the youth service and mentoring program areas. The Corporation also is working to include major service organizations (e.g. 4-H, YMCA, United Ways, Boys and Girls Clubs, Boy and Girl Scouts, Youth Corps) and advocacy organizations (Youth Service America and America's Promise) in its efforts to promote consistent, strategic approaches to youth development.

Second, the agency has made service opportunities for at-risk youth a priority in our grant making competitions. For example, Learn and Serve America programs across the nation engage 407,000 young people, from disadvantaged situations in service-learning—service activities intentionally designed to build academic and civic skills. In FY 2006, 43.1 percent of Learn and Serve America participants were from disadvantaged circumstances; the target for FY 2010 is for 60 percent of Learn and Serve America participants to be of disadvantaged background.

In the National Impact study of Learn and Serve America School-Based programs published in 1999, high correlations between service-learning and positive social indicators were shared relatively equally by a wide range of youth. Further, non-white and educationally disadvantaged participants showed a significantly higher correlation between positive social outcomes and impacts on their academic performance than their complementary subgroup.



“Adults must make sustained commitments to children—commitments of our time and our energy—because young people are more likely to invest in their own future when they know that someone else is invested along with them.”

First Lady Laura Bush

Youth service has also proven to be a positive youth development strategy for at-risk populations. A 2003 study of alternative school students in the state of Kansas found that those students who participated in service-learning showed strong gains over time on measures of attitude toward school, writing scores on a six-trait writing assessment, and grade point averages.¹³

PERFORMANCE TRENDS

Table 7. Performance trends for strategic initiative to Ensure a Brighter Future for All of America's Youth

| PERFORMANCE MEASURE | FY2004 ACTUAL | FY 2005 ACTUAL | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|--|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| National Performance Measures: | | | | | | |
| Number of children and youth in disadvantaged circumstances who receive mentoring services nationally each year (in millions) ⁱ | NA | 2.5 | 3.0 | Data Available 2/07 | 3.5 | 5.5 |
| Number of children of prisoners mentored or receiving other support services ⁱⁱ | NA | NA | TBD | NA | TBD | 200,000 |
| Number of children and youth from disadvantaged circumstances involved in service ⁱⁱ | NA | NA | NA | NA | TBD | 3.0M |
| Corporation Performance Measures: | | | | | | |
| Number of children of prisoners receiving mentoring or other support services through Corporation programs ⁱⁱⁱ | 12,000 | 12,500 | 16,500 | 15,800 | 19,000 | 27,000 |
| Number of children and youth from disadvantaged circumstances serving their communities through Corporation-sponsored programs ^{iv} | 295,700 | 486,230 | 486,000 | 436,800 | 486,000 | 605,700 |

i. Data from the Current Population Survey Supplement on Volunteering available 2/07; data represents the number of Americans who mentor children and youth. This number may differ from the actual number of youth from disadvantaged circumstances mentored because 1) some mentors may mentor youth who are not from disadvantaged circumstances, and/or 2) many mentors serve more than one youth. An improved data source for the number of actual children from disadvantaged circumstances mentored is under development.

ii. Data sources to be developed.

iii. Estimated. Partial data available 1/07 through Corporation reporting systems, except for AmeriCorps*State and National which will be available 2/08. Current estimate does not include children of prisoners mentored through State and National or NCCC.

iv. Estimated. Includes those serving through LSA (407,270), State and National (8,350) and Partnership Grants (21,230); does not include those serving through NCCC, VISTA or other Corporation programs. "Youth" includes up to age 24. Further data will be available in 2007.

PERFORMANCE ANALYSIS

The 2006 national mentoring data will be available in February 2007. The Corporation is seeking to develop acceptable data sources for the other national measures. The Corporation expects to see future increases in volunteer mentors and youth from disadvantaged circumstances engaged in Corporation programs.

13. Kraft, Nancy P. and Jim Wheeler (2002). Service-Learning and Resilience in Disaffected Youth: A Research Study. Symposium conducted at the 2nd International Service-Learning Research Conference, Nashville, Tennessee.

PERFORMANCE MANAGEMENT

In 2007, the Corporation will expand the number of mentors serving youth by 500,000 and engage 486,000 young people from disadvantaged circumstances in national service programs. We have a dual strategy for accomplishing these goals: 1) encourage the development of programs and outcomes that are consistent with the stated goals through the Corporation's grant process, and 2) continue building collaboration with organizations that work with youth from disadvantaged circumstances such as Boys and Girls Clubs, Jumpstart, City Year, MENTOR and others.



ENGAGING STUDENTS IN THEIR COMMUNITIES

THE PROBLEM AND THE OPPORTUNITY

Too often, our nation's youth are often portrayed as troublemakers, associated with illiteracy, irresponsibility, apathy, gangs, substance abuse, and other risky behaviors. The Corporation believes that youth are assets. In order to increase positive youth development and promote an ethic of lifelong service, the Corporation established "Engaging Students in Communities" as one of its strategic initiatives.

Engaging students in their communities is the "on-ramp" to a lifetime of service and civic participation in America, and it begins with teaching our students the habits of community participation and service from an early age. Research tells us that across every income and age group, youth volunteering is a precursor to adult volunteering. In fact, those who volunteer as youth are twice as likely to volunteer as adults.¹⁴ Today, an estimated 15.5 million youth, or 55 percent of youth ages 12 to 18, participate in volunteer activities nationwide—nearly twice the adult volunteering rate. Each year, teens contribute more than 1.3 billion hours of community service.¹⁵

At the college level, the number of college students who volunteer is up by approximately 20 percent from 2002 to 2005. The rate of growth in volunteering among college students was twice that of the general population.¹⁶ These youth people bring both passion and skills to the service activities in which they engage.

As a way to encourage more student participation, Corporation programs, particularly Learn and Serve America as mandated by its statute, support service-learning. Service-learning is a method of combining meaningful service with academic and civic skills development. Student involvement in service and service-learning produces valuable benefits to local communities and enables young people to become proactive members of society. Through service and service-learning opportunities, students of all ages develop an understanding about the importance and impact of service, strengthen their character and roles as engaged students, and improve their academic performance.¹⁷

The Corporation's national goals for engaging students are 1) to ensure that service-learning is part of the curriculum in half of all elementary and secondary schools, and 2) to be a catalyst to engage five million postsecondary students in service by 2010.

14. Independent Sector, *Engaging Youth in Lifelong Service: Findings and Recommendations for Encouraging a Tradition of Voluntary Action Among America's Youth*, conducted by Independent Sector and Youth Service America (Washington, DC 2002).

15. Corporation for National and Community Service, *Building Active Citizens: The Role of Social Institutions in Teen Volunteering*, Brief 1 in the Youth Helping America series, conducted by the Corporation and the Independent Sector (Washington, DC 2005).

16. Corporation for National and Community Service, *College Students Helping America*, survey conducted by the Corporation (Washington, DC 2006)

17. Billig, Shelley H, *Research on K-12 School-Based Service-Learning: The Evidence Builds* (Phi Delta Kappan, 2000), 658-664.

PERFORMANCE TRENDS

Table 8. Performance trends for strategic initiative to Engage Students in Their Communities

| PERFORMANCE MEASURE | FY 2004 ACTUAL | FY 2005 ACTUAL | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| National Performance Measures: | | | | | | |
| Number of college students in service (in millions) | 3.3 | 3.3 | 3.8 | Available 2/07 | 4.0 | 5.0 |
| Percentage of all higher education institutions providing a full-time volunteer service coordinator ⁱ | NA | NA | NA | NA | discontinued | NA |
| Percentage of Federal Work Study funds devoted to community service ⁱⁱ | 15.4% | 16.1% | 16.8% | 16.12% | 17.5% | 20% |
| Percentage of America's public kindergarten through grade 12 schools that have incorporated service-learning into their curricula ⁱⁱⁱ | 29% | NA | NA | NA | 41% | 50% |
| Corporation Performance Measures: | | | | | | |
| Number of college students serving through Corporation programs ^{iv} | NA | NA | NA | 107,678 | TBD | 300,000 |
| Percentage of Learn and Serve America higher education grantees using service-learning as part of official core curriculum | 59.9% | 66% | 68% | 71% | 71% | 80% |
| Percentage of Learn and Serve America-funded K-12 schools using service-learning as part of official core curriculum | 40.3% | 44.9% | 49% | 44% | 53% | 65% |
| Number of higher education institutions matching the AmeriCorps Education Award | NA | NA | 53 | 57 | 60 | 80 |

i. There is currently no mechanism to measure the number of full-time volunteer coordinators on campuses. As a result, this measure has been discontinued from the national targets.

ii. We are working with the U.S Department of Education to positively influence colleges and universities to use discretion to increase the use of Federal Work Study funds for community service.

iii. Data is not available for the percentage of K-12 schools that use service-learning except for FY 2004. The Corporation is working to develop a data source for this measure.

iv. The Corporation is developing an improved definition and methodology.

PERFORMANCE ANALYSIS

Over the last several years, the Corporation has encouraged schools to expand service-learning, engage more college students in service, and reach more youth from disadvantaged circumstances through service. The Corporation made strong progress in many areas.

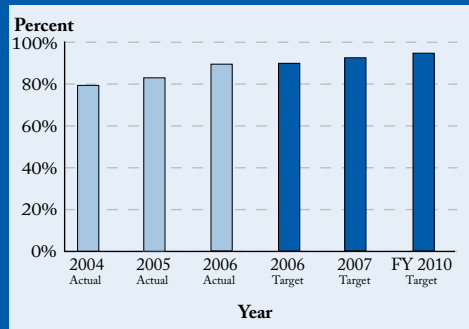
K-12 schools, as well as community-based and other service-learning programs in America, play a crucial role in teaching our students the habits of community participation. From 1984 to 1999, the percentage of American K-12 schools with formal service-learning programs rose from nine percent to 33 percent, in large part because of Learn and Serve America's seed money and technical assistance. Since 1999, however, the percentage has remained essentially flat.

The Corporation plans to reverse this trend and push toward 50 percent of America's schools having service-learning programs by 2010. By enabling so many more American children and youth to participate in service-learning, the Corporation will build a larger volunteer resource-base as these children become adults and continue to strengthen their communities over their lifetimes.

The Corporation has also leveraged other programmatic resources in 2006. For example, 783 AmeriCorps*VISTA members and 4,418 full-time AmeriCorps*State and National members served in projects supporting the Engaging Students in Communities initiative. In addition, 17,000 college students currently serve their communities as AmeriCorps members.

LEARN AND SERVE AMERICA: IMPACT ON ACADEMIC PERFORMANCE

Figure 5. Percent of organizations that report Learn and Serve-funded activities had moderate or substantial positive impact on academic performance of participants



In 2006, 89.3 percent of Learn and Serve America grantees reported either moderate or substantial positive impact on the academic performance of participants.* Learn and Serve America programs successfully increase civic and social responsibility, improve academic achievement, and decrease risky behavior of participating students. The ability of high quality service-learning programs to actively engage students in learning, particularly students from disadvantaged circumstances, is a hallmark of service-learning. High quality service-learning builds not only civic connections but also expands academic enrichment.

Collecting information from grantees on the impact of service-learning is difficult as it requires the collection of new data and the disaggregation of data already collected at the school, district, or state level. Learn and Serve has developed an innovative, web-based tool, LASSIE (Learn and Serve System Information Exchange), to collect demographic and performance data at the sub-grantee level. In the last two years of the system, response rates have been excellent, allowing Learn and Serve to provide a variety of data. A system which would allow standard service-learning data to be collected from all schools and transmitted through the State Education Agencies to the federal government would greatly enhance the available performance information about the majority of schools that do not receive Corporation funds.

* Data was not collected in 2003.

In 2006, Corporation grant programs addressed key targets of the initiative. Forty-four percent of K-12 schools funded by Learn and Serve America had service-learning in their core curriculum. The fact that this percentage is below the target level likely reflects the early reactions of many schools to state standards testing in reading and math, leading to increased use of service-learning in non-core curriculum areas.

According to the first brief in our *Youth Helping America* series, approximately 55 percent of teens were engaged in volunteering in the previous year, while 38 percent of teens reported that they had participated in school-based service at some time in the past.¹⁸

More than 90,650 college students served through Learn and Serve America programs in 2006. The Corporation has initiated changes in its performance reporting to establish mechanisms that will be enable it to measure college student volunteering in other Corporation programs.

The Corporation is well on its way to meeting its FY 2010 target for institutions that match the AmeriCorps Education Award with 57 schools committed in FY 2006, four more than projected.

The Corporation exceeded its target in the percentage of Learn and Serve America higher education grantees that have service-learning as part of the core curriculum. The Corporation expects this number to continue to rise in 2007.

18. Corporation for National and Community Service, *Building Active Citizens: The Role of Social Institutions in Teen Volunteering*, Brief 1 in the Youth Helping America series, conducted by CNCS and Independent Sector (Washington, DC 2005).

PERFORMANCE MANAGEMENT

The Corporation's drive to engage more college students in volunteering and to embed service-learning in a greater number of elementary and secondary schools will be aided by the following:

- » This year, grant guidance in each of the Corporation programs focused on the strategic initiatives. The Corporation expects that measures for 2007 will reflect these emphases and over time will positively affect the goals.
- » To promote college engagement, the Corporation established a recognition program, the President's Higher Education Community Service Honor Roll. More than 500 colleges applied in its first year. Support for the Honor Roll includes 10 higher education associations. The program will continue to expand, seeking support from college and student organizations.
- » Outreach is on-going to build collaborations with faith-based and nonprofit student organizations, the private sector, and others to increase awareness of and participation in student volunteering efforts.
- » In order to support the development of school-based service-learning programs, the Corporation began a public service announcement campaign in FY 2006. More than 400 television stations have aired the 'Bring Learning to Life' public service announcement, totaling more than 371 million media impressions worth \$3.7 million.

The Corporation also developed cost-effective strategies, such as the Honor Roll, to help achieve our goals.

- » The Corporation's efforts to refocus the activities and impacts of its grantees on the agency-wide strategic plan will take several years due to the grant cycle.
- » The cost of higher education is increasing at significant rates, leading more students to work to pay for these expenses.¹⁹ Though students who work on a part-time basis volunteer at rates that are higher than those who are not employed, the volunteering rate declines substantially as college students work more hours each week.²⁰ The Corporation will work with its partners to develop service opportunities that may enable all students to serve.
- » Teachers' time is limited, both in the classroom and in curriculum preparation. Our efforts to expand service-learning are aided by 35 states that have policies in place to support service-learning. Resources are being developed and posted on the National Service-Learning Clearinghouse to assist teachers and parents to build upon policies that ensure that service-learning is a part of a school's curriculum.

"Today, every student participates in service-learning projects. As a result, we've seen student engagement increase, standardized test scores increase, improved student attendance, decreased student violence, and more. The best thing—students want to come to school.... In addition, the response we've seen in the community—from parents, businesses and local organizations—has been tremendous. These students will stay involved in their communities for years to come."

Ernest Johnson, Guidance Counselor
Source: Bring Learning to Life brochure, 2006.

19. Commission Report, *A Test of Leadership: Charting the Future of U.S. Higher Education*, prepared by the Commission appointed by Secretary of Education Margaret Spellings, (Pre-Publication Copy 2006). www.ed.gov/about/bdscomm/list/hiedfuture/reports/pre-pub-report.pdf

20. Corporation for National and Community Service, College Students Helping America, survey conducted by the Corporation (Washington, DC 2006).

HARNESSING BABY BOOMERS' EXPERIENCE

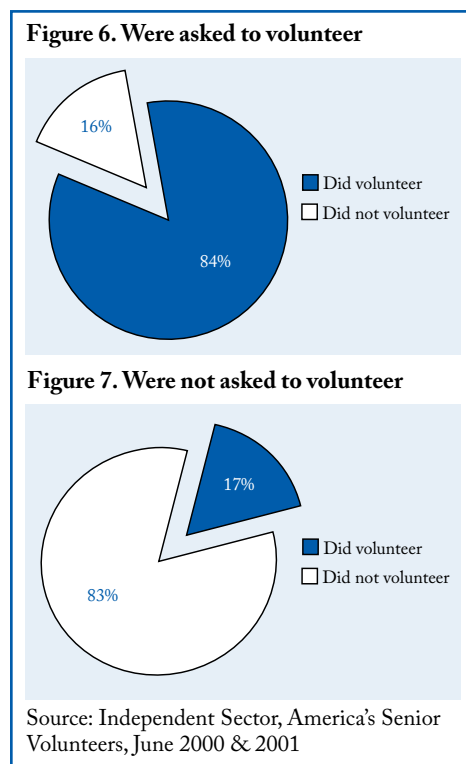


THE PROBLEM AND THE OPPORTUNITY

The aging of America's 77 million-strong Baby Boomer generation (those born between 1946 and 1964) is often characterized as a massive cost bearing down on society, threatening to overburden Social Security, Medicare and other government programs and put impossible demands on caregivers, social service providers and nonprofit organizations.

The Corporation sees things differently. The oldest of the Baby Boomer generation includes individuals who are retired, semi-retired, and still in the workforce with various levels and types of education, experiences and talents. While Baby Boomers have a reputation for being self-involved and having a poor rate of volunteering, the Corporation's analysis paints a different picture.

- » Nearly one-third (25.8 million) of Baby Boomers volunteer—the highest rate of any age group.
- » With the exception of people over age 65, Boomers volunteer the most, with an average of 51 median hours a year (approximately one hour per week).
- » Baby Boomers are more apt than other cohorts to volunteer with more than one organizations.
- » Baby Boomers engage in diverse volunteer opportunities.



Current Boomer retirees and the legions of Boomers behind them represent an unprecedented volunteer pool, one that can help to meet growing community needs in areas such as education, health care, public safety and independent living.

Research tells us that Baby Boomers, as a whole, will not withdraw completely from the work place in “traditional retirement.” Instead, they will seek a balance of work, leisure, civic engagement, and other interests. Offering opportunities to capture their talents and experience, and engaging them in helping to solve critical social issues through service must become a high-priority goal for the nation in the coming years. Boomers have tremendous potential to provide solutions to some of our most intractable social needs, including the expanding need for independent living support.

The Corporation is well-positioned to help community organizations attract and retain Boomers with the kind of flexible, high impact service that they desire. To leverage the agency's relationships with the tens of thousands of nonprofits that sponsor its programs, the Corporation is giving them the information and tools they need to make the most of Baby Boomer volunteers and supporting them with a national campaign to activate Baby Boomers as volunteers in their communities.

A particular focus of the Corporation's Baby Boomer initiative is to increase the number of frail elderly and people with disabilities receiving assistance from the community to live independently. The fastest growing age group in America is aged 85 and older, and they are a major driver of health care costs.

Mission Performance: Strategic Initiatives

As a result of these changing demographics, demands for affordable long-term care and independent living services will increase sharply in the next four decades. The Corporation's investment in Baby Boomers' service capacity represents an investment in our nation's future by reducing the need for expensive professional in-home care or nursing home care.

The Corporation will serve as the catalyst for increasing the number of Baby Boomers volunteering nationwide, in part by increasing Baby Boomer participation in Corporation sponsored programs, but also by influencing the wider volunteer community to provide the highly skilled and flexible volunteer opportunities that many Baby Boomers seek. To that end, the Corporation has established a national goal to engage 28.7 million Baby Boomers by 2010, up from 25.8 million in 2005. The Corporation itself will engage an additional 500,000 Baby Boomers in volunteer service that supports the nation's communities and 250,000 seniors will receive independent living support through Corporation programs by 2010, up from about 100,000 in 2006.

"With great privilege comes great responsibility. My generation felt that as younger people, and it's time for us to feel it again."

Carter Fleming, Age 58
RSVP Red Cross Volunteer

PERFORMANCE TRENDS:

Table 9. Performance trends for strategic initiative to Harness Baby Boomers' Experience

| PERFORMANCE MEASURE | FY 2003 | FY 2004 | FY 2005 | FY 2006 TARGET | FY 2006 ACTUAL | FY 2007 TARGET | FY 2010 TARGET |
|--|---------|---------|---------|-------------------|----------------------|-------------------|-------------------|
| National Performance Measures | | | | | | | |
| Number of Baby Boomers engaged as Volunteers (in millions) | NA | 25.7 | 25.8 | 26.1 | Data available 2/07 | 26.4 | 28.7 |
| Percent of Baby Boomers engaged as Volunteers | NA | 33.1% | 33.4% | 33.7% | Data available 2/07 | 34.1% | 37.0% |
| Corporation Performance Measures | | | | | | | |
| Number of Baby Boomers engaged as participants in Corporation programs | NA | 40,885 | 39,247 | 45,000 | Data available 12/06 | 53,000 | 60,000 |
| Percent of Baby Boomer Volunteers in RSVP who believe the programs provide a significant chance to bring about change ⁱ | NA | NA | NA | 75% | NA | 75% | 85% |

i. This measure and corresponding survey methodology to address this aspect of the Corporation's performance are continuing to be developed. Existing data is limited to RSVP only in FY 2006.

Carolyn Parmeter, a retired systems manager, serves with the RSVP program in Tulsa, Oklahoma. Carolyn uses her experience supporting the courts as volunteer project manager for a web-based protective order applications service. She developed a case research and tracking system so the court could track and tally the amount of funds being recouped for dependent families. In 2006, her system allowed the courts to recoup \$13 million. These funds are important to the community as they help document court services for vulnerable children whose mothers have no alternative but to seek public support. Until Carolyn developed the tracking system, the court had no way to document the impact of their docket activities.

PERFORMANCE ANALYSIS:

Over the past several years, data demonstrate that Baby Boomers have the highest rate of volunteering of any age group (33.2 percent for Boomers and 29 percent overall). Senior Corps has been encouraging its programs to develop new and flexible service opportunities that will be attractive to Baby Boomer volunteers. In 2005, the Corporation's success in engaging Baby Boomers was enhanced by Baby Boomer participation through a special homeland security demonstration program; completion of that program accounts for the slight decrease in the target participation for 2006. We expect increased Boomer participation in 2007.

Throughout the year, the Corporation engaged in numerous activities to help build the nonprofit sector's capacity to recruit and manage Baby Boomers. In March, 2006, "Get Involved," a public service advertising campaign to promote Baby Boomer volunteering was distributed to television, radio and print outlets nationwide. To date, the public service announcements have been placed 67,005 times in 659 outlets, generating more than 7.5 million impressions with an equivalent dollar value of more

than \$3.2 million. To support nonprofits and Corporation programs in creating alternative models of service, the Corporation has conducted trainings on developing high impact volunteer opportunities to approximately 8,400 individuals. The Corporation also added several effective practices models to the Corporation-sponsored National Service Resource Center website.

PERFORMANCE MANAGEMENT

The Corporation's support for Baby Boomer volunteer service will continue in 2007 through:

- » Administering Challenge Grants and Next Generation Grants funded in 2005 and 2006 that focus on engaging Baby Boomers, and that will report initial progress in Fall 2006;
- » Managing RSVP and Senior Companion Programs of National Significance (PNS) grant augmentations awarded in the fourth quarter of FY 2006 to support Baby Boomer volunteering in the areas of independent living, mentoring children and youth, disaster preparedness, and mobilizing community volunteers;²¹
- » Leading outreach efforts to mobilize other volunteer organizations and nonprofit entities, faith-based institutions, professional associations, the private sector and others to engage Baby Boomers;
- » Distributing an AmeriCorps*VISTA public service campaign targeted at Baby Boomers;
- » Continuing to use Senior Corps and AmeriCorps*VISTA guidance to encourage Corporation programs to develop opportunities for Baby Boomer service; and
- » Continuing to use AmeriCorps*State and National and Learn and Serve America "Notices of Funds Availability" and Guidelines to focus on recruiting and engaging Baby Boomers.

The Corporation faces some performance challenges:

- » While more Baby Boomers are becoming eligible for the Corporation's Foster Grandparent and Senior Companion program, the statutory income and age eligibility requirements restrict the ability of grantees to fully recruit a wide range of individuals. The Corporation is

21. Grants were awarded in fourth quarter of FY 2006 so data for these services will not be available until FY 2007.

Mission Performance: *Strategic Initiatives*

looking at other ways to enhance the programs and their effectiveness through new service opportunities and incentives that would be attractive to Baby Boomer volunteers.

- » Training and technical assistance must be made broadly available to nonprofits to support more sophisticated volunteer management practices. The Corporation's training and technical assistance providers are developing web-based versions of training provided in 2006 to be made available to other nonprofit organizations that engage volunteers.
- » The agency must develop a stable set of performance metrics designed to measure progress toward achieving its Baby Boomer participation goals.

PROGRAM PERFORMANCE



AMERICORPS*STATE AND NATIONAL

The AmeriCorps*State and National program supports a broad range of local service programs that engage thousands of Americans in intensive service to meet critical community needs. State and National provides financial and in-kind support, including AmeriCorps members, to public and nonprofit organizations that sponsor service programs around the country, including hundreds of faith-based and other community organizations, higher education institutions, and public agencies. Grants assist these groups in recruiting, training and placing AmeriCorps members to meet critical community needs in education, public safety, health, and the environment.

PROGRAM PERFORMANCE

MOBILIZING MORE VOLUNTEERS

The program helps to strengthen communities and local organizations through the generation, involvement and long-term contribution of community volunteers. Fifty seven percent of the State and National program grantees have reported to date for the 2005/2006 program year. These programs leveraged a total of 410,619 community volunteers. The remaining 43 percent of the grantees are due to provide their volunteer generation results by December 31, 2006. Those grantees will include in their numbers the additional volunteers generated in response to hurricanes Katrina, Rita and Wilma. We expect to exceed our target of 675,000, and even surpass the 844,000 local community volunteers generated in FY 2005.

ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA'S YOUTH

AmeriCorps*State and National commits approximately two-thirds of its portfolio's financial resources to programs that support children and youth, especially those from disadvantaged circumstances. In FY 2006, 8,345 youth (aged 18 to 24) from economically disadvantaged communities served in the State and National program. Members served in programs that focused both on their own development and the support of youth in the communities where they served. The program also plays a key role in the agency's mentoring efforts.

ENGAGING STUDENTS IN SERVICE

In FY 2006, 17,558 State and National members served in 96 campus-affiliated, funded programs. These college student members, including members serving as student volunteer recruiters/coordinators, helped connect students with opportunities to provide significant service to local communities.

HARNESSING BABY BOOMERS' EXPERIENCE

Baby Boomers have served as State and National program members since the early stages of AmeriCorps. Their dedication to service is evidenced by the 2,397 Baby Boomer members serving in the wide range of programs within the State and National portfolio as of September 2006. This number is a notable increase over the 1,661 members serving in June 2005. The State and National program will continue providing resources and guidance to attract Baby Boomers to viable member or volunteer service opportunities within the program.



AMERICORPS*VISTA

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

PROGRAM PERFORMANCE

MOBILIZING MORE VOLUNTEERS

Encouraging volunteer service at the local level is a key objective for the VISTA program. In recent years VISTA has directed increased resources for outreach, as well as technical assistance for members and sponsors to increase their ability to leverage new volunteers. Our data shows a steady increase since 1997. In 2005, VISTA members mobilized over half a million community volunteers. For FY 2006 VISTA anticipates that this number will increase to 622,000. (Actual data will be available when project progress reports have been submitted and analyzed in December 2006).

ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA'S YOUTH

Working to improve the future for America's youth is a fundamental aspect of VISTA's goal of supporting anti-poverty programs. In FY 2006, 1,098 VISTA members served in 291 programs directly addressing the needs of children and youth. VISTA has placed particular emphasis on programs that serve children of inmates. The increased focus in this area resulted in 6,206 children of inmates served through VISTA projects in FY 2006. This shows a slight increase from FY 2005, but does not meet the target set of 6,500 children for FY 2006. This number may reflect the efforts of VISTA members to strengthen the programs which did not necessarily result in an expansion in the short term. VISTA will continue to analyze its performance in this area and update future targets as appropriate. Finally, in FY 2007, VISTA will begin to collect data that focuses on the number of youth from disadvantaged circumstances serving as community volunteers as a result of VISTA programs.

ENGAGING STUDENTS IN SERVICE

In FY 2006, 783 VISTA members served in 73 campus-affiliated programs. These programs help connect students with opportunities to provide significant service to low-income communities working to solve poverty related problems. VISTA has not historically captured data on the number of students engaged in service through VISTA programs, but will begin capturing this data in FY 2007.

HARNESSING BABY BOOMERS' EXPERIENCE

Baby Boomers have historically served as VISTA members in high numbers. Now that Baby Boomers are nearing retirement, VISTA remains poised to provide service opportunities to Baby Boomers and has invested resources into outreach campaigns that target Baby Boomers. VISTA provides the kind of meaningful, project-focused volunteer opportunities that Boomers seek. In FY 2006, AmeriCorps*VISTA enrolled 1,786 Baby Boomers as VISTA members. While this number is down from 1,984 Baby Boomers in FY 2005, it represents 25 percent of all VISTA enrollments, and we believe the downward shift will reverse as more Baby Boomers retire and seek meaningful service opportunities in their post career lives and VISTA continues its outreach campaign to this population. In FY 2006 VISTA began collecting data on the number of Baby Boomers serving as community volunteers. This data will be available in December 2006.



AMERICORPS***NCCC**

AmeriCorps*NCCC (National Civilian Community Corps) is a full-time, team-based residential program for men and women age 18–24. The mission of AmeriCorps*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 faith-based and other community organizations, members complete service projects throughout the region they are assigned.

In FY 2006, a primary focus of NCCC service activities was on the Gulf Coast assisting local communities to recover from the effects of Hurricanes Katrina, Rita, and Wilma; 100 percent of members served in the Gulf Coast Region on multiple team deployments. Since September 2005, the NCCC deployed 1,900 members to the Gulf Coast Region to assist the relief and recovery effort. The NCCC members served more than 800,000 hours on over 350 projects in the Gulf Coast Region. Throughout FY 2006, the NCCC redirected significant resources to the Gulf Coast Region, devoting fifty percent of all projects to work in communities affected by Hurricanes Katrina, Rita, and Wilma.

Program research shows positive benefits to the communities served and the program's members:

- » 83 percent of NCCC community sponsors who have used other corps teams rated NCCC teams as better—more disciplined, productive, and motivated.
- » The 2006 American Consumer Satisfaction Index score for NCCC is 91—four points higher than the overall satisfaction score of 87 in 2005. The program was rated third for customer satisfaction among all federal agencies/programs.²²
- » 400 members (36 percent) earned a Congressional Service Award for their service.
- » 45 percent of project sponsors are new (244 out of 540), the majority of which represent faith-based and small community organizations.

PROGRAM PERFORMANCE

MOBILIZING MORE VOLUNTEERS

In the past few years, NCCC members have coordinated an annual average of 16,000 volunteers on service projects. However, as more Americans answered the President's Call to Service and in response to the devastation wrought by the 2005 hurricane season, the NCCC experienced a tremendous upsurge in the numbers of volunteers leveraged and managed by NCCC teams. It is expected that the actual for 2006 will exceed 70,000 total volunteers.

ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA'S YOUTH

NCCC has worked to engage young Americans from disadvantaged circumstances as NCCC members. In 2006, 25 percent of NCCC members were from disadvantaged circumstances, a three percentage point increase over that year's target and a five percentage point increase in the percentage of similar participants in 2005.

ENGAGING STUDENTS IN SERVICE

In 2006 NCCC members engaged over 10,000 college students in service through NCCC projects, an increase of 500 percent over 2005. This significant increase reflects the large number of college students who volunteered for hurricane relief and recovery as well as the development of stronger partnerships with nonprofit organizations who engage students.

22. Per the American Customer Satisfaction Index (ASCI).



SENIOR CORPS

Through grants and other resources—including the energy and efforts of individuals age 55 and over—Senior Corps helps meet the needs and challenges of America’s communities. Grants administered through Senior Corps provide funding for three programs:

- » **RSVP** offers “one stop shopping” for all volunteers 55 and over who want to find challenging, rewarding, and significant service opportunities in their local communities;
- » the **Foster Grandparent Program (FGP)** connects volunteers age 60 and over with children and young people with exceptional needs; and
- » the **Senior Companion Program** brings together volunteers age 60 and over with adults in their community who have difficulty with the simple tasks of day-to-day living.

PROGRAM PERFORMANCE

MOBILIZING MORE VOLUNTEERS

The RSVP program continues to increase its focus on placing RSVP volunteers in specific assignments to recruit, mobilize, and coordinate other volunteers. In 2005, RSVP volunteers mobilized more than 27,300 additional community volunteers. In 2006, we anticipate that we will meet our target of 35,000 mobilized volunteers.²³ A factor in this anticipated increase was the 2006 Programs of National Significance grant augmentations. These grant augmentations, available to existing RSVP programs, required all awardees to include volunteer mobilization in their applications.²⁴

ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA’S YOUTH

Senior Corps works hard to address specific local needs, and gives significant support to help children and youth from disadvantaged circumstances. FGP focuses its service to help children with special and exceptional needs, including children of prisoners and children in foster care. One hundred percent of the more than 31,500 Foster Grandparents are daily mentors to the children they serve. In FY 2006, Foster Grandparents and RSVP volunteers mentored 9,555 children of prisoners.²⁵

ENGAGING STUDENTS IN SERVICE

290 RSVP volunteers served in 2006 to help schools and nonprofit organizations expand service-learning as a method and catalyst for service.

HARNESSING BABY BOOMERS’ EXPERIENCE

Senior Corps encourages a lifetime of service by engaging Americans over the age of 55 for RSVP and over the age of 60 for the Senior Companion and Foster Grandparent Programs. In 2006, the first wave of Baby Boomers were age-eligible for all three Senior Corps programs. We anticipate that we will meet or exceed our goal of 23,848 Baby Boomers serving in Senior Corps programs—a projected increase from the total of 23,252 reported in FY 2005. FY 2006 is the first year that Foster Grandparent and Senior Companion volunteers can include Baby Boomers due to age restrictions. In addition, volunteers in the Senior Companion and RSVP programs provided independent living support to more than 108,000 frail seniors and other adults, an increase of 16,000 clients over the 2005 levels.²⁶ In addition, a minimum of 10,000 caregivers received respite services, an increase of more than 3,000 over the 2005 levels.

23. Final data due in November 2006

24. In Senior Corps, RSVP is the only program that recruits community volunteers. Foster Grandparents and Senior Companions provide direct services to clients, and do not engage in volunteer recruitment.

25. Data estimate as of October 25, 2006. Final data in December 2006.

26. Data estimate as of October 25, 2006. Only counts RSVP and Senior Companion Program volunteers. Actual data in December 2006.



LEARN AND SERVE AMERICA

Learn and Serve America supports and encourages service-learning throughout the United States to enable students to make meaningful contributions to their community while building their academic and civic skills. Learn and Serve America provides direct and indirect support to K-12 schools, community groups and higher education institutions to facilitate service-learning projects by: providing grant support for school-community partnerships and higher education institutions; providing training and technical assistance resources to teachers, administrators, parents, schools and community groups; collecting and disseminating research, effective practices, curricula, and program models; and recognizing outstanding youth service through the Spirit of Service Awards and other programs.

PROGRAM PERFORMANCE

MOBILIZING MORE VOLUNTEERS

Learn and Serve America participants represent a broad spectrum of society. While all of the participants in Learn and Serve's School-and-Community-Based programs are students in grades K through 12, Higher Education participants include students in postsecondary institutions, faculty, staff, and community members. In 2006, Learn and Serve America engaged 1.44 million participants; over 80 percent of which were K-12 students. The 2006 participant number is slightly less than the 1.47 million participants reported in 2005. In addition to engaging participants, Learn and Serve America programs leverage volunteers. In 2006, 67,965 leveraged community volunteers participated in Learn and Serve America programs.

ENSURING A BRIGHTER FUTURE FOR ALL OF AMERICA'S YOUTH

Learn and Serve America encourages schools to adopt service-learning as a strategy to strengthen youth's civic engagement and academic performance. Learn and Serve America programs meet the critical needs of the community by engaging students in service while providing a stimulating curriculum to learn subject matter. The program also works to increase the number of children and youth from disadvantaged circumstances in Corporation-sponsored programs by focusing its grants on schools with high percentages of students eligible for free and reduced-price meals. In 2006, 43.1 percent of Learn and Serve America programs worked with students who are eligible for free and reduced price lunch. The number of students in this category exceeds the 40.9 percent reported in 2005.

Learn and Serve America students come from diverse backgrounds. In 2006, 26 percent of Learn and Serve America participants were from a racial minority group. This number exceeded the 24 percent reported in 2005. Additionally, the number of students reported in 2006 from Hispanic descent was 15 percent, an increase over the 11 percent reported in 2005.

ENGAGING STUDENTS IN SERVICE

Learn and Serve America engages students to meet critical needs in their community through programs in K-12 schools, higher education institutions, and nonprofit organizations. The Corporation continually seeks to increase the number of schools and school districts that have service-learning as part of their core curriculum. In 2006, 44 percent of LSA schools and school districts had service-learning as part of their core curriculum. This number is just short of the 49 percent target. At higher education institutions in 2006, 71 percent incorporated service-learning as part of their official core curriculum, a 5 percent increase over 2005. Finally, in 2006, 24 percent of K-12 participants served about 20 hours a semester, a decrease from 28 percent in 2005. This could be due to competing requirements of the No Child Left Behind Act. In addition to volunteering in their communities, Learn and Serve America student participants catalyzed other students to volunteer. For 2006, Learn and Serve America students leveraged 124,801 other student volunteers to participate in their communities.

PROGRAM ASSESSMENT RATING TOOL

The Program Assessment Rating Tool (PART) was developed by OMB to assess and improve program performance and enable federal programs to 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, strategic planning, program management, program results, and accountability.

Two Corporation programs were assessed under PART during FY 2005. AmeriCorps*State and National, a grant-based volunteer program, was reassessed after an original assessment in 2002. AmeriCorps*NCCC, a residential volunteer program, was assessed for the first time. The AmeriCorps*VISTA program also was assessed in FY 2006 and the final results are pending.

AMERICORPS*STATE & NATIONAL

Table 10. PART performance for AmeriCorps*State and National

| PERFORMANCE CATEGORY AND WEIGHT | CATEGORY SCORE |
|--------------------------------------|----------------|
| Program Purpose and Design (20%) | 80% |
| Strategic Planning (10%) | 100% |
| Program Management (20%) | 89% |
| Program Results/Accountability (50%) | 40% |
| PROGRAM SCORE | 64% |

In 2005, the AmeriCorps*State and National program was rated “adequate” and given an overall score of 64 percent—an increase of 28 points over the PART review in 2002.²⁷ The PART reassessment found that the program's purpose and design, strategic planning and program management were effective in helping to address unmet community needs. Moreover, the PART review endorsed the program's recently-developed set of outcome-based performance measures, and identified specific measures for which the program is already able to demonstrate impressive results (e.g., number of community volunteers recruited and/or managed). However, the program has not yet collected enough performance information over time to meaningfully and comprehensively inform the management of the program.

The PART review also recognized the significant improvement made in the program's financial management, but recommended that the Corporation continue to improve the reliability of the AmeriCorps portfolio planning tool and finalize program control measures. Since 2002, the Corporation has improved the grant and member enrollment award procedures and fully implemented the Strengthen AmeriCorps Program Act of 2003. The Corporation also has established a reserve fund to protect the Trust's solvency in the event the liability estimates are incorrect. The Trust has received three clean audit opinions since 2003 and has implemented a set of controls to further ensure the availability of Trust resources. These controls have been validated by GAO and the Corporation's Inspector General, most recently in 2006.

27. AmeriCorps*State and National's rating is subject to change, based upon OMB review of AmeriCorps 2005 performance data.

Table 11. PART performance for AmeriCorps*NCCC

| PERFORMANCE CATEGORY AND WEIGHT | CATEGORY SCORE |
|--------------------------------------|----------------|
| Program Purpose and Design (20%) | 40% |
| Strategic Planning (10%) | 11% |
| Program Management (20%) | 75% |
| Program Results/Accountability (50%) | 11% |
| PROGRAM SCORE | 30% |

The AmeriCorps*NCCC program was rated as ineffective and given an overall score of 30 percent. The PART review found that the program:

- » Had not been evaluated against its legislative objectives;
- » Included an expensive residential component that was costly and not adequately justified; and
- » Did not have adequate performance measures in place to assess annual progress toward long-term goals or cost effectiveness.

In addition, the review concluded that the benefits of the NCCC program could largely be met through other national service programs, particularly if the sponsoring organizational application and management were streamlined.

The review noted that the Administration is working with Congress to terminate this program. The PART evaluation did find that NCCC:

- » Makes use of performance information to manage and improve performance; and
- » Obligates funds in a timely manner and for the intended purposes.

RESEARCH AND EVALUATION

ABOUT THE PROGRAM

Evaluation at the Corporation is devoted to developing and cultivating knowledge that will enhance the mission of the Corporation and of national and community service programs. Our efforts focus on:

- » Conducting high quality, rigorous social science evaluation research designed to measure the impact of Corporation's programs and shape policy decisions;
- » Encouraging a culture of performance and accountability in national and community service programs by providing the Corporation's executive management, OMB, the Congress, the nonprofit sector and the public with performance information on national and community service, as well as information that will strengthen management performance;
- » Providing national information on topics that impact the service community, such as volunteering, civic engagement, and volunteer management in nonprofit organizations; and
- » Developing and assessing new initiatives and innovative strategies designed to shape future policy decisions.

The research and evaluation efforts of the agency are an important part of the Corporation's efforts to continue providing reliable 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.

The Corporation's 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 design and implementation be improved?
- » How can the Corporation strengthen effective volunteer leveraging?
- » What are the national patterns of volunteering and civic engagement for youth, college students and Baby Boomers?
- » How can the Corporation use evaluations and research to define and set targets, as well as manage to accountability?

PROGRAM PERFORMANCE

STRATEGIC GOAL 1: MEET CRITICAL NEEDS IN LOCAL COMMUNITIES THROUGH SERVICE

The Corporation has continued to assess the impact of its programs through multi-year evaluations. For example, the Longitudinal Study of AmeriCorps Member Outcomes, which is an ongoing scientifically-based research study designed to assess the long-term impacts of participation in AmeriCorps on members' civic engagement, education, employment, and life skills, included a nationally representative sample of over 2,000 AmeriCorps members from more than 100 AmeriCorps*State and National programs and from three (of five) AmeriCorps*NCCC regional campuses, as well as 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.

The first report from the study was released in 2001 and provides information on member demographics and civic engagement. The second report, released in December 2004, examines the initial impacts of AmeriCorps participation on members in the two years following their AmeriCorps service. The findings suggest AmeriCorps programs have a consistently positive

effect on members across the majority of civic engagement, education, employment and life skills outcomes, and over half of the effects are statistically significant. The study found statistically significant positive impacts on members' connection to community, knowledge about problems facing their community, and participation in community-based activities. Additionally, AmeriCorps members without recent prior volunteering experience were much more likely to continue to volunteer in the years following their term of service. The study also found AmeriCorps participation had a meaningful impact on employment outcomes, with participants in AmeriCorps programs more likely to choose careers in public service and increase their work skills. In 2007, we will survey the same group to look at the long-term impacts of AmeriCorps service.

In addition, our Senior Corps surveys look at the impacts of service upon service recipients, namely children who receive mentoring services and older Americans who receive services and other support to live independently. The surveys about the benefits to children look at improvements in their academic and social behavior as a result of the mentoring services that they receive. The independent living surveys look at decreased isolation for seniors.

The Corporation also released other national program research reports, including the State Performance Report for both AmeriCorps and Learn and Serve America. Both will help improve the transparency of national reporting by disaggregating performance data for state partners. Evaluation results can be found at www.cns.gov/about/role_impact/performance_research.asp as they are made available.

STRATEGIC GOAL 2: STRENGTHEN COMMUNITIES TO ENGAGE CITIZENS

Our national volunteer research findings help grantees and nonprofit organizations in general to enhance their methodologies for recruiting, managing and sustaining volunteers. Our research shows that college students and Baby Boomers are key demographics for future volunteering. Both groups have a high interest in volunteering. Our research will help organizations to identify strategies for creating flexible and meaningful volunteer opportunities that match their interests.

For example, the Corporation released a report, *Volunteers Mentoring Youth: Implications for Closing the Mentoring Gap*, to help determine whether demographic, socioeconomic, or other observable factors can help predict who is most likely to be engaged in mentoring activities. We set out to provide information that will help mentoring programs better identify and recruit the types of individuals who are most likely to mentor, and thereby help to reduce the "mentoring gap."

The Corporation will continue to provide national information on volunteering, civic engagement, and volunteer management in nonprofit organizations in effort to strengthen the capacity of organizations within the national service network. We will continue to use our national performance measurement surveys to determine how well our programs are doing at building the capacity of community organizations and nonprofits.

STRATEGIC GOAL 3: ENGAGE AMERICANS IN A LIFETIME OF VOLUNTEERING AND SERVICE

In the wake of the recent devastating hurricanes in the U.S. Gulf area, the Corporation has found it even more urgent to provide assistance to local organizations to help them increase their capacity to recruit, manage and deploy volunteers. In 2005, 65.4 million (up 5.5 million from 2002) Americans ages 16 and older, contributed a median of 52 hours a year in volunteer service to their community.³⁷ According to the Current Population Survey (CPS), the volunteer rates among three key demographics (Baby Boomers, youth and college students) have increased. For example, the number of college students who volunteer has increased from 2.7 million in 2002 to 3.3 million in 2005.

While many Americans are volunteering and giving back to their communities, more Americans would be motivated to volunteer if they were presented with rewarding opportunities that better fit their daily lives. We plan to capitalize on this opportunity by supporting a substantial increase in meaningful ways for all Americans to serve.

Whereas in 2005 the Corporation partnered with the Census Bureau and the Bureau of Labor Statistics (BLS) to conduct the Volunteer Supplement to the CPS, the Corporation is taking a

37. U.S. Bureau of Labor Statistics, Current Population Survey's (CPS) Supplement on Volunteering.

closer look at volunteers and potential in different demographic groups, including Baby Boomers, youth and college students. The research done through the CPS examined 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. The data indicates there is great potential to increase volunteering in strategic areas, especially mentoring, where there is a great need to provide additional services to youth from disadvantaged circumstances in particular. Our research finds that 11.5 million adults engage in volunteering activities that include mentoring youth and volunteers age 20-24 are the most likely to engage in mentoring youth. With such a high propensity for volunteers to engage in mentoring activities, coupled with the growing possibility to significantly increase volunteers by directly offering more accessible and flexible volunteer opportunities, the nation can reach its goal of providing mentoring services to 3 million additional children and youth from disadvantaged backgrounds by 2010.

In addition, the Corporation released the Youth Helping America Series, which allowed us to publish three reports on youth volunteering. The data is a result of a biennial study of volunteering and charitable behaviors of youth ages 12-18, the next generation of America's volunteers. According to the survey, the state of youth volunteering in America appears to be robust: an estimated 15.5 million teenagers, or 55 percent of young people between the ages of 12 and 18, participated in volunteer activities through a formal organization. In addition, 38 percent, or an estimated 10.6 million teenagers, have engaged in community service as part of a school activity, and 65 percent of these youth took part in service-learning related activities, such as planning or writing about the service project. We also found that the likelihood that young people will volunteer is related to their connections to the community through the social institutions of family, religious congregations, and schools, indicating that there are opportunities to work with local organizations to promote volunteer opportunities and encourage youth to engage more deeply in their community.

MANAGEMENT PERFORMANCE

HIGHLIGHTS

Over the last few years, the Corporation has implemented reforms at almost every level of operations to improve the management of human and financial resources and strengthen accountability. These reforms reflect the principles presented in the President's Management Agenda, the Program Assessment Rating Tool, the Strengthen AmeriCorps Program Act, the President's Executive Order 13331, 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, legal and sustainable agency operations. The following sections describe the Corporation's:

- » Overall management objectives, supporting strategies, and performance measures; and
- » Progress in implementing the President's Management Agenda.

CORPORATION MANAGEMENT INITIATIVE: SUSTAINING MANAGEMENT EXCELLENCE

Sustaining management excellence requires the development and maintenance of efficient operational strategies; reliable systems; motivated, well-supported and well-managed employees; and effective grants management. While the Corporation faced a number of management challenges in FY 2006, the agency sustained and built on its prior management success.

The agency has identified four management objectives within our overall strategic management goal. These objectives are to:

- » Improve program and project quality;
- » Cultivate a culture of performance and accountability;
- » Deliver exemplary customer service; and
- » Build a diverse, energized, and high-performing workforce.

Table 12. Key Corporation management performance objective and measures*

| PERFORMANCE OBJECTIVE AND MEASURES | FY 2004 | FY 2005 | FY 2006 | FY 2006 | FY 2010 |
|--|--|--------------|--------------|------------------------|--------------|
| | ACTUAL | ACTUAL | TARGET | ACTUAL | TARGET |
| Improve program and project quality | | | | | |
| Percent of Corporation-funded grantees meeting or on track to meet program/project performance goals ⁱ | Reporting systems to provide data are under development. | | | | |
| Cultivate a culture of performance and accountability | | | | | |
| Number of material weaknesses (MW) and reportable conditions (RC) identified in the most recent financial statement audit | 0 MW 1 RC | 0 MW 2 RC | 0 MW 0 RC | 0 MW 1 RC | 0 MW 0 RC |
| Percentage of Government-wide financial management metrics where the Corporation is rated "green" ⁱⁱ | 11% | 67% | 89% | 56% | 100% |
| Deliver exemplary customer service | | | | | |
| Overall Corporation score on the American Customer Satisfaction Index (100 point scale) ⁱⁱⁱ | NA | 69 | 70 | 71 | 80%+ |
| Overall score for satisfaction with the overall usability and effectiveness of the agency's major technology systems (100 point scale) ^{iv} | NA | 55 | 63 | 62 | 80% |
| Build a diverse, energized and high-performing workforce | | | | | |
| Percent of employees who report overall satisfaction with their job ^v | 67.5% | NA | 71.7% | Results available 2/07 | 80% |

* Many of these measures are estimated based on survey data and/or related data sources. Further information on each measure's source and basis of estimate is available by contacting: ttraversa@cns.gov.

i. In FY 2004, the Corporation began requiring its grantees to identify and report on their performance against goals and measures established by the grantee. Since most Corporation grants cover a three-year period, data for the percentage of all Corporation grantees that meet the program/project performance goals will not be available until FY 2007.

ii. Nine metrics were established by the U.S. CFO Council. The FY 2005 percentage is corrected from the FY 2005 PAR. The percentage represents performance for the last month of the fiscal year.

iii. In FY 2004, only the AmeriCorps*State and National program's performance was assessed with a score of 57. The FYs 2005 and 2006 results reflect the scores of all Corporation programs weighted by the program's funding level.

iv. In FY 2004, only the AmeriCorps*State and National program's performance was assessed with a score of 38. The FYs 2005 and 2006 results reflect the scores of all Corporation programs weighted by the program's funding level.

v. From the Human Capital Survey by the U.S. Office of Personnel Management; results not available for FY 2005 because the survey was not conducted during that year; the survey was completed again in FY 2006. Percentage includes those reporting "very satisfied" or "satisfied."

IMPROVE PROGRAM AND PROJECT QUALITY

The Corporation is working to improve the quality of the programs and projects it supports by:

- » Implementing an enhanced, performance-based grants management system;
- » Increasing the competitiveness of its grants through targeted outreach;
- » Expanding the participation of nonprofit organizations, including faith-based and other community organizations in its programs;
- » Conducting research, evaluation and information-sharing activities to help grantees effectively measure performance and replicate effective practices in volunteer recruitment and management, mentoring, service learning and other areas; and,
- » Investing in the program and grant management capabilities of grantees through training and technical assistance.

More specifically, in FY 2006, the Corporation took a number of steps to improve program and project quality:

Management Performance

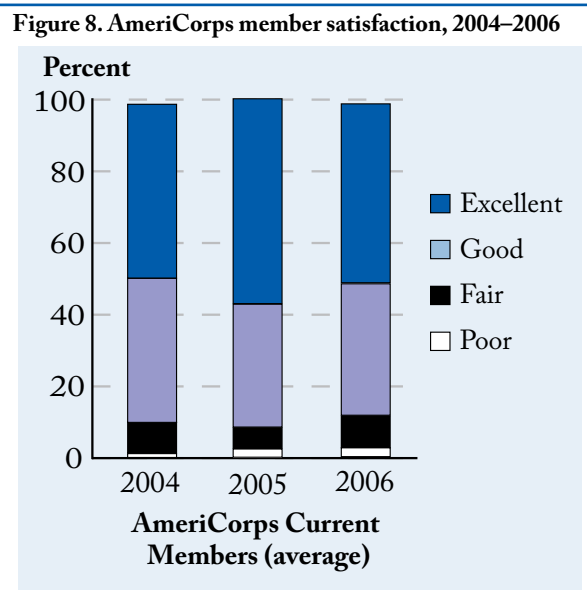
- » Published a five-year strategic plan and began implementation through budget plans, grant competitions, resource realignments, and new partnerships with non-profits, the business community, and other federal agencies;
- » Completed reviews of all three AmeriCorps programs under the Program Assessment Rating Tool;
- » Continued implementing new rules for the AmeriCorps*State and National program that are making the program more accountable and cost-effective;
- » Provided training and technical assistance to more than 16,000 individuals in face-to-face training events and over 300,000 unique e-mail, phone, and internet contacts;
- » Sponsored the National Conference on Service and Volunteering; and
- » Continued to encourage the formation of new State Commissions in Guam, the Northern Mariana Islands, the U.S. Virgin Islands and South Dakota.

The ultimate measure of program/project quality is the extent to which the goals of the program/project are met. In FY 2004, the Corporation began requiring its grantees to identify and report on their performance against goals and measures established by the grantee. Since most Corporation grants cover a three-year period, data for the percentage of all Corporation grantees that meet the program/project performance goals will not be available until FY 2007. To ensure the grantees work to achieve challenging yet attainable goals, the Corporation is conducting an analysis of goals/measures proposed by the grantees and plans to establish over the coming years a more intensive performance measure review process.

A key area of program performance that the Corporation measures is AmeriCorps member satisfaction. As the chart below shows, about 90 percent of AmeriCorps members have rated their experience “excellent” or “good” each of the past three years. In 2006, the Corporation surveyed a large enough sample of members to gauge satisfaction at the individual program level. This data will be shared with grantees as a way of promoting improvements to recruitment, orientation, training, supervision, and other factors that shape the member experience.

The Corporation has instituted management reforms in the area of training and technical assistance. Recent activities include the identification of core competencies across all Corporation programs, the establishment of a cross-agency Training and Technical Assistance (TTA) Coordinating Council responsible for planning and quality control, and regular reporting to programs on deliverables received for their TTA investment.

Most Corporation training and technical assistance activities are delivered through cooperative agreements with national TTA providers, which must report on key outputs and customer satisfaction related to their work. Aggregated customer survey results from 1,997 participants collected during the first half of FY 2006 show that 86 percent gained new knowledge applicable to their work and 89 percent plan to apply what they learned as a result of the training.



GOVERNMENT-WIDE FINANCIAL METRICS

The Corporation measured itself against the U.S. CFO Council Government-wide financial indicators during 2006.

The first two metrics, Fund Balance with Treasury Reconciliations and Suspense Amount Clearance, have been at Green fully-successful levels for the entire year.

Accounts Receivable Delinquency was at Red unsuccessful levels for the first three months. Then with a process change to make the delinquency calculations for the largest class of receivable into line with all other classes, eight Green months and one Yellow minimally-successful month was achieved for the rest of the year.

Percentage of Vendor Payments by EFT was at Red levels for the entire fiscal year. Half of the unsuccessful EFT performance was due to one utility company that received 30 Treasury Checks per month. After the end of the fiscal year that utility agreed to receive a single monthly EFT payment. Therefore, all future EFT results are expected to be at Green or Yellow levels.

Percent of Vendor Payments on Time was at Green levels for six, Red levels for four and Yellow levels

for two months in 2006. Timely payments require continual vigilance. Late Payment Penalty as a Percent of Amounts Paid to Vendors was at Green levels for eight, Red levels for three and a Yellow level for one month in 2006. This last metric is based on dollar amount rather than payment count.

The last three metrics relate to credit card delinquency. Individually Billed Account (IBA) Travel Delinquency was at Red levels for seven, Yellow levels for three and Green for two months in 2006. IBA accounts are paid directly by employee travelers and Green requires delinquencies of less than 2%. Centrally Billed Travel Delinquency was at Yellow levels for six, the Green level for five and a Red level for one month in 2006. Purchase Card delinquency was at Red levels for nine and Yellow levels for three months in 2006. Centrally Billed Travel and Purchase Card accounts are paid by CNCS and Green for these accounts require 0% delinquencies. A special management emphasis has been designated for improvement in the credit card delinquency metrics after the end of the fiscal year and a significant increase in Green results is expected in 2007.

Figure 9. Fund balance with treasury

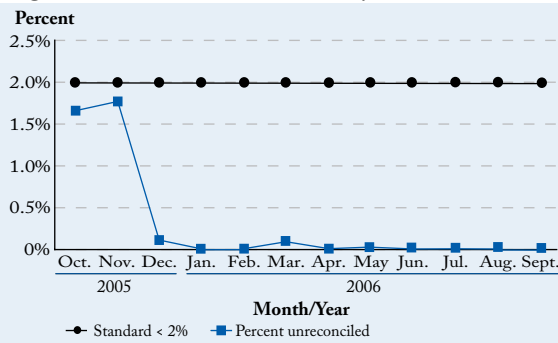


Figure 10. Percent suspense account funds over 60 days old

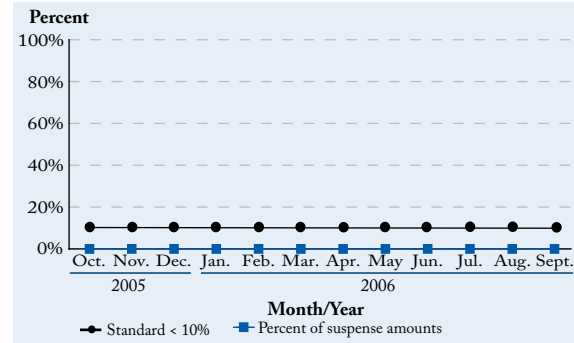


Figure 11. Percent A/R from public over 180 days past due

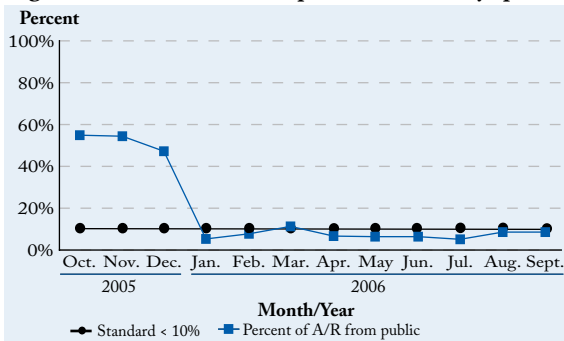
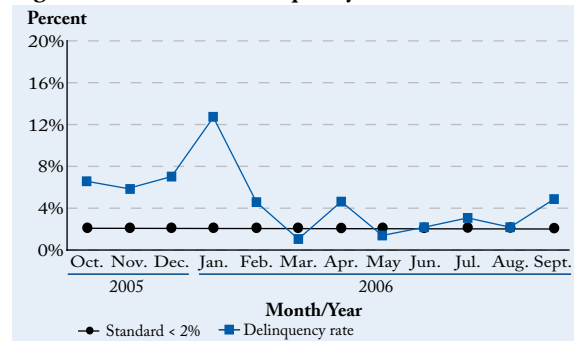


Figure 12. Travel card delinquency rate—IBA



Metrics continued on next page>

GOVERNMENT-WIDE FINANCIAL METRICS (continued from previous page)

Figure 13. Percent vendor payments made on time

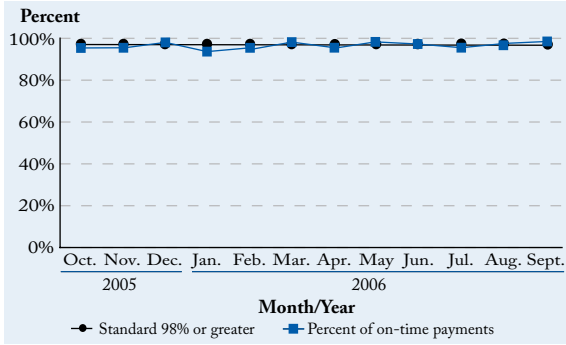


Figure 14. Percent vendor payments made via EFT

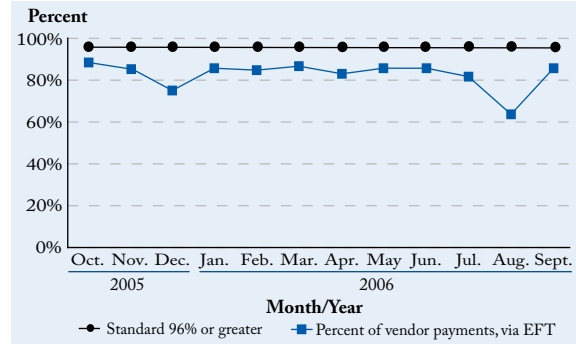


Figure 15. Interest penalty as percent of total vendor payment amount

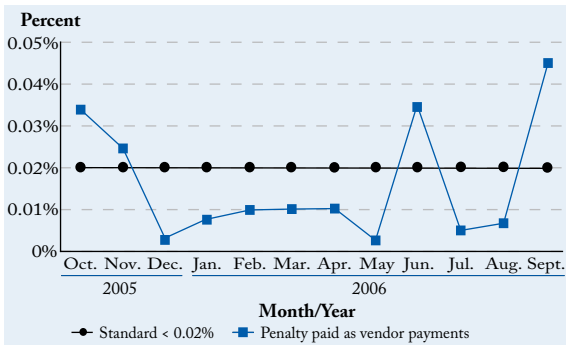
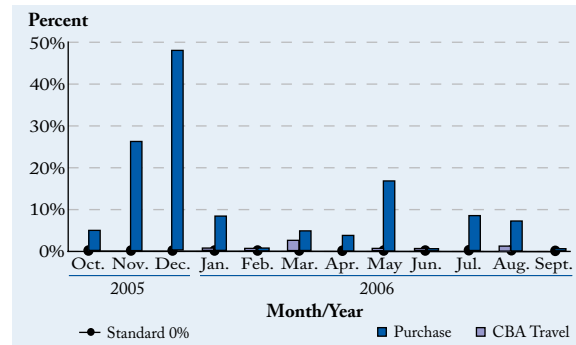


Figure 16. CBA travel card and purchases card delinquency rates



CULTIVATE A CULTURE OF PERFORMANCE AND ACCOUNTABILITY

To promote a culture of performance and accountability, the Corporation is:

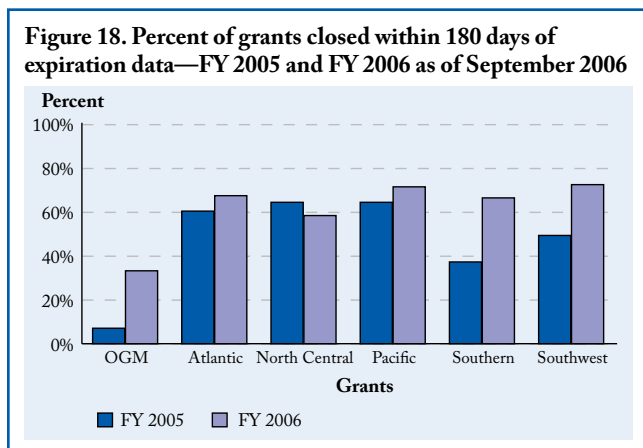
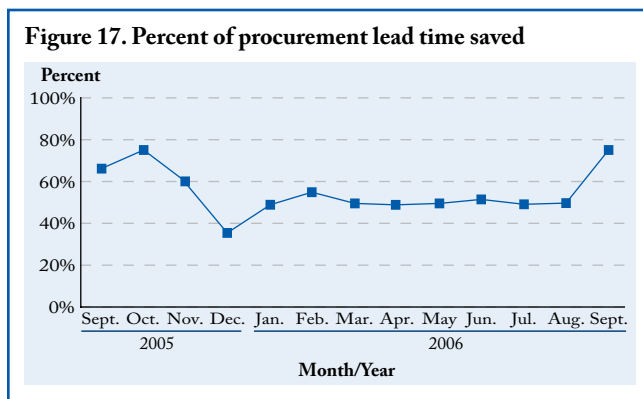
- » Conducting more targeted and in-depth monitoring and analysis of grantee programmatic and fiscal performance;
- » Developing a stable set of performance metrics designed to measure the agency’s progress toward its goals;
- » Building a data warehouse to make performance information more accessible to managers;
- » Using salary management system software that improves the agency’s ability to track, project and reconcile payroll costs;
- » Continually perform business process reviews that provide insight towards improving operational efficiencies and gearing activity towards meeting customers’ needs; and,
- » Implementing recommendations from an organizational and management review by the National Academy of Public Administration.

To assess the agency’s progress in cultivating a culture of performance and accountability, the Corporation identified two key financial management measures—the number of material weaknesses and reportable conditions identified in the agency’s financial statement audit, and the percentage of the Government-wide financial management metrics where the Corporation is rated “green.”

In FY 2006, the Corporation received an unqualified audit opinion for the seventh consecutive year. Moreover, the Corporation fully addressed the long-standing reportable condition related to grants management and monitoring. This reflects the agency’s extensive efforts to improve its grants management and monitoring, including improvements in the documentation of risk assessments and monitoring activities. The Corporation also fully addressed the second reportable condition from FY 2005 related to the internal control over the payroll processes, strengthening its policies and procedures regarding payroll data entry to ensure proper segregation of duties and supervisory review. However, the FY 2006 auditor also reported that the Corporation recognized budgetary

resources upon execution of contracts with non-federal entities in FY 2006, and recommended that the Corporation modify its accounting practices to comply with OMB Circular A-11. The Corporation is working with OMB to determine what corrective actions, if any, are warranted and will conduct an internal assessment to determine whether an Anti-Deficiency Act (ADA) violation occurred.

The Corporation measures itself against the U.S. CFO Council Government-wide financial indicators (see Government-wide Financial Metrics). As of the end of FY 2006, the Corporation met the standards for “green” on five of the nine metrics, a significant improvement over the initial one “green” score in February 2005 when the Corporation first analyzed its operations against these metrics. The agency was “red” on three metrics: the percent of payments made electronically, late vendor payment penalties, and travel card delinquencies. We expect to achieve “green” on electronic payments and purchase card payments in the first quarter of FY 2007 and plan a more aggressive approach toward late travel card payments.



Management Performance

In addition to the government-wide financial metrics, the Corporation tracks its progress against a range of “CFO metrics” covering functions such as grants management, procurement, budget, and administrative services. These metrics, a few of which are shown in the figures to the right, have driven performance improvements, such as more timely grant awards and a grant closeouts.

To more comprehensively measure the agency’s success in promoting improved performance and accountability, the Corporation is planning to measure the percent of the key internal program management metrics for which the agency met established targets. Many of the agency’s metrics have only recently been established and performance baselines, targets and outcomes have not yet been determined. Following the agency’s full implementation of its performance measurement and management program, including the collection of data to support all of its performance measures, the Corporation will be able to report on its progress in meeting its key internal program management metrics.

DELIVER EXEMPLARY CUSTOMER SERVICE

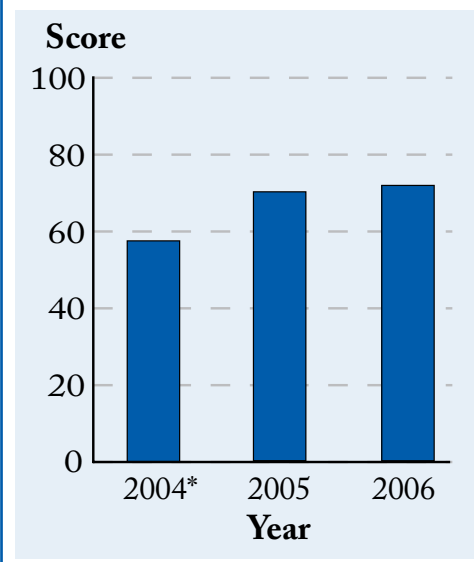
The Corporation places a major management priority on ensuring high-quality service to its customers—the programs’ service recipients, grantees, sub-grantees, members, participants, volunteers and other constituents that benefit from the Corporation’s programs. In FY 2006, the Corporation continued and expanded its customer service focus by:

- » Reducing grantee burden by streamlining grant application, award, and reporting;
- » Launching an on-line education award payment system for AmeriCorps members, making the process more customer-friendly and less costly;
- » Announcing the consolidation of five field service centers into a single Field Financial Management Center, which will reduce variability in service quality and improve efficiency;
- » Investing in the development of an end-to-end AmeriCorps member portal, which promises to automate numerous labor-intensive member support functions and give members a single point of entry for everything from application to alumni services; and
- » Completing a requirements analysis for a Customer Relationship Management system, which we hope to make a reality over the next two years.

Our progress in improving customer service is shown in our 2006 surveys of grantees—participants and beneficiaries in each of the agency’s five major programs. These surveys, using the American Customer Satisfaction Index (ACSI),²⁸ indicate that the agency achieved significant customer satisfaction gains across programs. Overall, the Corporation received a score of 71, which is the same as the federal average and one percentage point higher than our target level for the year.²⁹ While most of the Corporation’s program scored in that same range, the NCCC program scored significantly higher at 91—among the highest scores for all federal agency programs. The ACSI score for the AmeriCorps*State and National program has improved from 57 in 2004 to 66 in 2006, a jump of more than 15 percent.

The ACSI surveys also provide detailed ratings of many of the dimensions of customer service, such as the application process, training and technical assistance and technology. The Corporation is still analyzing the 2006 results, but a few findings are clear. The Corporation’s staff continued to be rated highly with scores for each program between 70 and 90. Ratings of the application

Figure 19. Customer satisfaction index scores (CSI), 2004–2006



28. See the Glossary for a definition of ACSI.

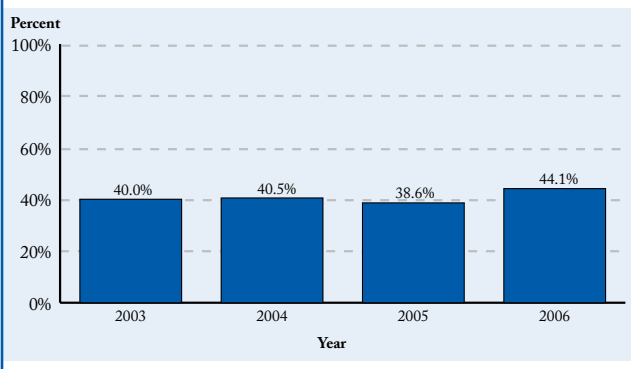
29. The Corporation score is a weighted average of program scores according to the FY 2006 appropriation. The most recent available overall federal customer service performance is for FY 2005; FY 2006 government-wide data are not yet available.

STRENGTHENING GRANTEE CAPACITY

In order to strengthen the capacity of communities and organizations, the Corporation provides many different types of assistance. By statute and design, AmeriCorps is a capacity-building program. Community organizations are able to provide more service, more effectively because of the additional capacity gained through the VISTA member conducting a public awareness campaign or the AmeriCorps member recruiting and training additional volunteers. A Learn and Serve student can increase the capacity of a community-based partner organization to accomplish more, while at the same time increase his/her academic performance. Senior Corps volunteers make it possible for the sponsoring agency to serve more clients.

PERFORMANCE TRENDS

Figure 20. Percent of program/project resources from non-Corporation sources



PERFORMANCE ANALYSIS

In 2005 the Corporation implemented new regulations for the AmeriCorps program requiring grantees to match a greater proportion of the federal funds over time. Since then the Corporation has expanded its emphasis on training and technical assistance around resource and fund development. While the proportion of program/project resources from non-Corporation sources stayed relatively the same at around 40 percent from 2003-2005, performance data for 2006 showed a strong increase to 44 percent.

PERFORMANCE MANAGEMENT

The Corporation's performance measure targets for percent of program/project resources provided by non-Corporation sources will remain at 42 percent in spite of the increase shown in FY 2006 because of our continued efforts to reach out to smaller community and faith-based organizations with less capacity to raise matching funds.

We will continue to support new and existing grantees in this area with at least one national training event in developing strategies to raise non-federal dollars and 32 half-day workshops across the country targeted to reach 1,300 people on various topics addressing individual giving, corporate donors/partnerships, and uncovering resources in the community. Post-workshop participants will be supported by various means of distance coaching, on-line courses and electronic newsletters delivered through the Corporation's on-line learning community "The Resource Center" (see box below). Given this level of support we anticipate we will meet the target in 2007 and maintain this target in spite of our outreach to fund new organizations.

THE RESOURCE CENTER: TOOLS AND TRAINING FOR VOLUNTEER AND SERVICE PROGRAMS

The Corporation recently established a central knowledge management website, www.nationalservice.gov/resources, The Resource Center for National and Community Service. This portal, using cutting-edge technology, helps the Corporation's grantees, the broader service and volunteer field, including developing community-based and faith-based nonprofit organizations, as well as the agency's staff in supporting its grantees to improve their operations and outcomes.

One cornerstone resource, My Improvement Plan, identifies the needs of the user and assembles the best training and technical assistance, referrals, and services available to address specific needs of each user. My Improvement Plan is based on essential characteristics of successful service and volunteer programs as identified through robust, cutting-edge research of a type and scale never before completed in the nonprofit sector. The Resource Center has diversified learning opportunities for the Corporation's grantees and staff, through its web-conferencing services, listservs, e-courses, and a highly popular collection of over 700 effective practices in program management and service delivery.

Management Performance

process and technology systems lag behind other areas. The application process for some programs is viewed as overly burdensome and slow, with ratings in the 55-70 range. Technology, in particular the ease of use and customer support for the Corporation's electronic grants management system, was rated in the 50-70 range across programs.

The 2005 ASCI scores helped to focus the Corporation's customer service improvement efforts. For example:

- » The lowest score on the 2005 survey (46) was for the Senior Corps on-line recruitment system. This system is now being phased out and the program will partner with a successful volunteer connector website to promote recruitment.
- » Reducing grantee burden has become a top management priority for the Corporation. Among other accomplishments, we shrank the AmeriCorps application instructions from 200 pages to 65; used concept papers instead of full applications to eliminate 1,100 burden hours for 71 Senior Corps grantees; and piloted an expedited grant award process for disaster relief and other special grants.
- » The Corporation hired a new Chief Information Officer (CIO) in FY 2006 and will have customer service at the forefront in moving forward in the Grants Management Line of Business initiative.

BUILD A DIVERSE, ENERGIZED, AND HIGH-PERFORMING WORKFORCE

As planned in the Corporation's preliminary Strategic Human Capital Plan, in 2006 the agency focused on development of a results-driven performance culture, open communications, competency development, and succession planning for critical leadership roles.

Key improvements included:

- » Implementing an Employee Appraisal System for non-supervisors to better align performance with strategic goals;
- » Increasing funding for performance-based pay;
- » Instituting a leadership development program to enhance succession talent pools;
- » Implementing a Diversity Hiring Policy to expand agency efforts at reducing under-representation at the managerial and executive levels;
- » Centralizing a training pool to target Corporation-wide mission-critical competency gaps;
- » Obtaining authority to offer voluntary early retirement to eligible employees; and
- » Improving the hiring process to shorten the time vacancies remain unfilled.

The Corporation's human capital management performance in FY 2006 shows that the agency has:

- » Increased the percent of supervisors/managers from under-represented groups from 29 to 32 percent; and
- » Experienced a 12.3 percent staff attrition rate in FY 2006. This compares to 10.5 percent in 2005 and 16.5 percent in 2004.

The Corporation will continue to implement its planned improvements over the next few years. To address our needs in FY 2007, the Corporation will:

- » Develop action plans based on analysis of organizational culture measures (e.g. "respect for diversity") and execute an active diversity recruiting policy to significantly reduce under-representation, particularly at the management level;
- » Conduct workforce analyses to identify antecedents and impact of turnover in mission-critical occupations;
- » Conduct competency-gap analyses to identify and close mission-critical skill gaps as the agency's programs and operations evolve;
- » Examine and refine the metrics utilized in the human capital accountability system to incorporate OPM-mandated (CHCO Act, Annual Survey Requirement) metrics;
- » Expand Corporation-wide funding of mandatory and shared training to leverage limited training funds;
- » Conduct analyses of outcomes of newly-implemented training policy; and
- » Complete restructuring of the field support function.

PRESIDENT'S MANAGEMENT AGENDA

OVERVIEW

To improve performance and results throughout the government, the Administration identified five government-wide priorities known as the President's Management Agenda (PMA): the strategic management of human capital; improved financial performance; competitive sourcing; expanded use of electronic government; and the integration of budget and performance information. As an additional priority for grant-making agencies, the Administration called for the reduction of barriers to the participation of faith-based and other community organizations in the Government's grant programs.

The President's Management Council defined specific standards for success in each priority and uses a traffic-light scoring system to measure agencies' progress against each of the standards. Green denotes success, yellow is for mixed results and red for unsatisfactory results. The system consists of two different ratings; the "status" rating measures the agency's management operations; while the "progress" rating assesses whether the agency is making reasonable progress toward meeting the standards.³⁰

The Corporation has adopted the PMA as a guide, using its priorities to focus management resources and improve the administrative efficiency of the agency. A detailed Corporation-conducted analysis of its progress and plans against each PMA criteria follows.

Table 13. Summary of internally assessed PMA ratings³¹

| INITIATIVE | STATUS RATING | PROGRESS RATING |
|------------------------------------|---------------|-----------------|
| Human Capital | Y | G |
| Improved Financial Management | G | G |
| Competitive Sourcing ⁱ | G | G |
| Expanded e-Government | R | Y |
| Budget and Performance Integration | Y | Y |

i. The Corporation is not covered by the Federal Activities Inventory Reform (FAIR) Act and does not have a formal competitive sourcing plan, as discussed in the President's Management Agenda. Instead, the agency assesses its performance on the cost effectiveness of its internal operations, with many functions contracted-out when this was the best business decision. Moreover, the Corporation relies primarily on competitive grants to accomplish its mission.

HUMAN CAPITAL

Status = Y Progress = G

In FY 2006, the Corporation implemented a number of improvements to its human capital management to better tie pay to performance, expand diversity, and improve the quality of its workforce. Chief among the agency's human capital improvements were the implementation of: a multi-level appraisal system for non-supervisory employees; a Corporation-wide leadership development program; and a new program for employee development.³²

30. Further information on the President's Management Agenda (PMA) and the President's Management Council scorecard is available at www.whitehouse.gov/results

31. The Corporation has not determined traffic light colors to indicate the status for the improper payment and federal real property asset management metrics. For the improper payment metric, the PMA criteria presumes the existence of significant risk of improper payments, which as defined in the Improper Payment Information Act have not been found at the Corporation (see section on Corporation assessment of internal control) and indicate that the included agencies are: Agriculture, Defense, Education, HHS, HUD, Labor, DOT, Treasury, VA, EPA, NSF, OPM, SBA and SSA. Regarding the real property metric, the Corporation does not own any real property.

32. For additional human capital accomplishments please see "Build a Diverse, Energize, and High-Performing Workforce" in the previous section, Management's Discussion and Analysis.

Although the agency has made great progress toward the PMA human capital goals, much still needs to be done. In particular, the Corporation must continue to make improvements in its efforts to reduce under-representation and close mission-critical skill gaps.

To strengthen our human capital efforts, we will:

- » Revise our Strategic Human Capital Plan and improve accountability by expanding metrics-based decision making;
- » Complete consolidation of field support offices;
- » Deliver targeted, competency based training to managers and executives and continue training program for emerging leaders;
- » Establish action plans based on employee feedback of organizational culture (e.g., Respect for Diversity) and customer satisfaction measures; and
- » Develop and implement human capital accountability system with additional operational activity and outcome-based metrics.

HUMAN CAPITAL PMA ANALYSIS³³ (STATUS = Y PROGRESS = G)

The Corporation has made great strides in improving its human capital resources. As our self assessment indicates, we have been successful in achieving transitional operational characteristics, and we will continue to meet our goals to strengthen our management in this area.

Table 14. Human Capital PMA analysis

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|---|---------------|-----------------|--|--|
| Developed and operated against a comprehensive human capital plan, analyzes results to support decision-making. | Y | G | The agency's leadership and performance culture, and talent systems operate in accordance with the agency's Strategic Human Capital Plan. | In FY 2007, the agency will: revise its Strategic Human Capital Plan (SHCP); improve accountability by expanding metrics-based decision making. |
| Existing organizational structures analyzed from service and cost perspectives; process in place to address future organizational changes. | G | G | Implemented restructuring of NCCC; began consolidation of field support offices. | Complete consolidation of field support offices; study possible realignment of NCCC. |
| Succession strategies, including structured leadership development programs, result in a leadership talent pool. | Y | G | Implemented targeted, competency-based development program for senior leaders and emerging leaders. | Deliver targeted, competency based training to managers and executives; continue training program for emerging leaders. |
| Performance appraisal plans link, differentiate, and provide consequences, provide distinctions in performance, and hold employees accountable for results. | G | G | 100% of performance plans for Corporation employees, supervisors, managers, and executives are aligned with Corporation strategic goals; Multi-level Employee and Managerial Appraisal Systems link results with agency mission and goals. | Maintain 100% of performance plans in alignment with Corporation strategic goals; monitor performance assessment process to ensure equity and focus on mission attainment. |
| Reduced under representation and established a process to sustain diversity. | Y | G | Maintained greater representation among non-managerial staff of traditionally under-represented groups than in federal and civilian workforces; implemented Diversity Recruitment Policy to improve minority applicant pools. | Establish action plans based on employee feedback of organizational culture (e.g., Respect for Diversity) and customer satisfaction measures; set improvement targets. |

33. Hiring time standards (45 days for regular General Schedule and 30 days for SES) are not applicable under the Corporation's Alternate Personnel System.

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|--|---------------|-----------------|--|---|
| Conducted a workforce analysis to identify, set targets, and address competency gaps in mission-critical occupations. Developed short- and long-term strategies to close gaps. | Y | G | Mission-critical competencies incorporated into the performance management systems covering all employees; implemented competency-based individual training plans; conducted corporation-wide managerial training; executed plan for direct allocation of training funds to program offices; participated in OPM competency analysis of mission critical occupation (0201 series). | Analyze use of individual training plans; improve integration of competitive sourcing and e-Gov as solutions. |
| Has developed an OPM-approved accountability system that identifies activities and outcome measures; uses the system to guide improvements. | Y | G | Used collaborative decision-making process to establish and prioritize human capital initiatives (e.g., leadership development, appraisal system); used customer feedback to improve operational human capital alignment. | Develop and implement human capital accountability system with additional operational activity and outcome-based metrics. |

IMPROVED FINANCIAL MANAGEMENT

Status = G Progress = G

In FY 2006, the Corporation received an unqualified opinion on its financial statements for the seventh consecutive year. It was also the sixth year with no material weaknesses. While these results demonstrate the Corporation's commitment to sound financial management, we are continually striving to further enhance our internal controls and the efficiency of our financial and program administration operations. Accordingly, many projects have been advanced during FY 2006 including:

- » The Corporation enhanced the Corporation-wide grants monitoring plan during FY 2006, based on risk assessments and frequency-based monitoring requirements, as applicable by program.
- » The Corporation enhanced its annual review of grantee A-133 audit reports during FY 2006 to include a record of follow-up on any audit findings in the eGrants documentation of those reviews.
- » During FY 2006 the Corporation conducted internal control review tests in connection with its implementation of OMB Circular A-123, Management's Responsibility for Internal Control. Areas tested include personnel action processing; preparation and processing of employee timesheets; grants risk assessments; and grants monitoring plan. Based on all completed internal control test work, the CEO has issued a Statement of Assurances that the Corporation provides reasonable assurance that internal control over financial reporting as of June 30, 2006 was operating effectively and no material weaknesses were found in the design or operation of those internal controls.
- » The Corporation initiated an enhancement in eGrants, planned for FY 2007 first quarter implementation, to automatically send notifications to grantees when required reports are overdue.
- » The Corporation initiated a project during FY 2006 which will automate the current paper processing of employee time and attendance. When fully implemented in FY 2007, paper processing of time sheets and re-keying of data for transmission to the USDA National Finance Center, which processes the Corporation's payroll, will be eliminated.
- » Many processes of the National Service Trust were automated during FY 2006, including the payment of education awards. The preparation of award vouchers and payments made to educational and financial institutions have been converted from paper to Internet-based systems. The benefits realized by this major enhancement include: increased use of electronic fund transfers rather than Treasury Checks, which are delivered faster and more reliably; ability of service members to

query the status of their awards and payments with an Internet application; delivery of automated service award vouchers through an Internet process; and enhanced notifications to users.

FINANCIAL PERFORMANCE IMPROVEMENT³⁴ (STATUS = G PROGRESS = G)

According to our self-assessment, the agency has achieved a status of Green by meeting all of the necessary standards for success for this PMA priority. We are on schedule to implement our plans as described below to further improve our financial performance on schedule.

Table 15. Financial Management Improvement PMA analysis

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|--|---------------|-----------------|---|--|
| Audit opinion on annual statements are clean and meets reporting deadlines | G | G | Received an unqualified audit opinion for the seventh consecutive year; met all reporting deadlines; no material weaknesses reported under the Federal Financial Management Improvement Act or the Federal Managers' Financial Integrity Act. | Continue the process began during FY 2006 to fully implement all requirements of OMB Circular A-123, Management's Responsibility for Internal Controls. |
| Complies with the Federal Financial Management Improvement Act | G | G | Provides unqualified assurance on financial reporting controls, compliance with financial management system requirements; and unqualified assurance on agency systems security controls. | |
| Has no chronic or significant Anti-Deficiency Act violations | G | G | Implemented extensive, improved internal controls to ensure obligations are within appropriated levels. | Continue to monitor and improve internal controls. |
| Has no material noncompliance with laws or regulations | G | G | Agency has no material noncompliance with laws or regulations. | Continue to implement and monitor internal controls to ensure full compliance. |
| Has no material weaknesses or non-conformances reported under Section 2 and Section 4 of the Federal Managers' Financial Integrity Act | G | G | The agency provided unqualified assurances on internal controls. | |
| Produces accurate and timely financial information that is used by management to inform decision-making and drive results | G | G | Agency's financial system provides accurate and timely information via readily accessible standard and ad hoc reports; information is used to support financial decision-making. | Continue to expand standard report coverage and use of information for decision-making; monitor recently implemented metrics for all OCFO functions to identify areas for improvement. |

34. The Corporation has not determined traffic light colors to indicate the status for the improper payment and federal real property asset management metrics. For the improper payment metric, the PMA criteria presumes the existence of significant risk of improper payments, which as defined in the Improper Payment Information Act have not been found at the Corporation (see section on Corporation assessment of internal control) and indicate that the included agencies are: Agriculture, Defense, Education, HHS, DHS, HUD, Labor, DOT, Treasury, VA, EPA, NSF, OPM, SBA and SSA. Regarding the real property metric, the Corporation does not own any real property.

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|--|---------------|-----------------|--|--|
| Is implementing a plan to continuously expand the scope of its routine data use to inform management decision-making in additional areas of operations | G | G | A number of separate projects are underway to expand the scope and use of data throughout operations, including the partially completed data warehouse and set of dashboard metrics. | Develop a comprehensive multi-year plan to drive the use of financial and non-financial data for decision-making throughout the agency; complete implementation of the data warehouse and dashboard metrics. |

COMPETITIVE SOURCING

Status = G Progress = G

The Corporation fully supports the President's belief that the "government should be market-based... [and] open to the discipline of competition." The Corporation is not covered by the Federal Activities Inventory Reform (FAIR) Act and does not use a formal competitive sourcing plan, as discussed in the President's Management Agenda. Instead, the agency assesses its performance on the cost-effectiveness of its internal operations, with functions contracted-out when this is the best business decision. Moreover, the Corporation relies primarily on competitive grants to accomplish its mission.

In FY 2006, 29 percent of the Corporation's administrative expenses were for outsourced functions, about the same level as in FY 2005.³⁵ These services involved the agency's information technology operations, payroll processing, customer call center, and financial systems services. Competitive sourcing is also used to provide training and technical assistance to grantees.

EXPANDED USE OF ELECTRONIC GOVERNMENT

Status = R Progress = Y

The Corporation's strategy for establishing, measuring, and achieving performance goals for electronic government builds on the work of the new Investment Review Board (IRB), which was constituted in FY 2006. The IRB is one of the foundations of the Corporations Capital Planning and Investment Control program (currently in development) which will use integrated processes that link budget planning and investment strategy with performance planning, tracking, and reporting. Through the IRB and the software development life cycle that it represents, the Corporation will work towards meeting federal e-gov goals.

Selected and noteworthy Corporation accomplishments in FY 2006 that support the President's Management Agenda include:

- » Positioned the CIO within the executive team with a direct report to the CEO, ensuring that information security issues are raised and solved at the highest Corporation levels;
- » Created an Investment Review Board and a Technology Review Board to review IT investments and ensure that appropriate expertise and resources are applied at all levels as part of the capital planning process;
- »

35. The competitive sourcing percentage indicated in the FY 2005 PAR no longer applies. This number has been recalculated using the same formula as in 2006 to equal 29.6 percent.

- » Drafted a software development life cycle process that incorporates interactions with business units and direction from the Investment Review Board;
- » Improved the documentation required by FISMA and performed Privacy Impact Assessments for all required systems;
- » Funded additional positions for improved management of IT projects, ensuring that policies and procedures are established, followed, and tracked throughout the software development life cycle;
- » Drafted a new information technology strategic plan, and began work on a conceptual architecture; and
- » Implemented systems to better support telecommuting and telework.

The vision for information technology at the Corporation is to have computer systems and applications that allow staff to make management decisions based on accurate, timely, and useful information. This means that applications would seamlessly reduce paperwork, automate processes, make grants procedures more flexible, make volunteer management a reality, and communicate well within the hardware and software to support communication among the staff, volunteers, grantees, and partners.

ELECTRONIC GOVERNMENT USE EXPANSION PMA ANALYSIS³⁶ (STATUS = R PROGRESS = Y)

Table 16. Electronic Government Use Expansion PMA analysis

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|--|---------------|-----------------|--|--|
| Has an Enterprise Architecture with a score of 4 in the "Completion" section and 3 in both the "Use" and "Results" sections; | R | Y | The Corporation has a draft Enterprise Architecture (EA) that is EA version 1 compliant. | Develop a Capital Planning and Investment Control (CPIC) Program to determine how this criteria is met. |
| Has acceptable business cases for all major systems investments and no business cases on the "management watch list;" | R | Y | Business cases are available for Momentum and ESPAN | Develop a Capital Planning and Investment Control (CPIC) Program to determine when business cases are developed and the criteria to place them on a management watch list. |
| Has demonstrated appropriate planning, execution, and management of major IT investments, using EVM or operational analysis and has portfolio performance within 10% of cost, schedule, and performance goals | R | Y | In 2006, the Corporation implemented Investment Review Board process and other management oversight processes to review IT projects. | Develop a Capital Planning and Investment Control (CPIC) Program to determine the need for, and how the EVM, operational analysis, cost performance measure, schedule and performance goals are met. |
| Inspector General or Agency Head verifies the effectiveness of the Department-wide IT security remediation process and rates the agency certification and accreditation (C&A) process as "Satisfactory" or better; | G | G | In the FY 2006 FISMA audit, the Inspector General determined the Corporation's C&A process is satisfactory. | In FY 2007, the CIO and CISO will incorporate the Inspector General's FY 2006 FISMA recommendations into the Plan of Actions and Milestones process. |
| Has 90% of all IT systems properly secured (certified and accredited); and | Y | Y | 75% of all Corporation IT systems are certified and accredited per the FY 2006 FISMA report. | Revise its entire C&A process so all C&A and systems assessments are completed before the FISMA audit period. |

36. Based on OMB Standards for Success July 24, 2006. Source: www.whitehouse.gov/results/agenda/standardsforsuccess7-24-2006.pdf

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|---|---------------|-----------------|---|---|
| Adheres to the agency-accepted and OMB-approved implementation plan for all of the appropriate EGov/Lines of Business/SmartBuy initiatives and has transitioned and/or shut down investments duplicating these initiatives in accordance with the OMB-approved implementation plan. | Y | Y | The Corporation supports the IPv6 initiative and IT Infrastructure Optimization (IOI) LoB; uses Smartbuy. | Select a Grants Management LoB partner and continue to support Smartbuy, IPv6, and IOI LoB. |

INTEGRATION OF BUDGET AND PERFORMANCE INFORMATION

Status = Y Progress = Y

In FY 2006, the Corporation made progress toward integrating budget and performance information and using this integrated information to inform decision-making. The Corporation published its strategic plan, clearly identifying the agency's performance goals and corresponding measures and targets. The budget process, including the development of program and organizational operating plans, incorporated both financial and performance objectives. The agency continued to develop and improve its performance measurement system, including: developing a full inventory of performance measures at the program, Corporation, strategic initiative and national levels; initiating changes to its program data collection to assess key performance objectives; and, developing organizational performance measures. OMB and the agency developed an initial rating of the VISTA program against the PART, while the Corporation conducted a simulation of the PART assessment against the two agency programs not yet rated through OMB—Learn and Serve America and Senior Corps. Moreover, to help support ongoing strategic, performance and cost management, the agency completed an initial assessment of its economic benefits and began developing a statistics-based projection model for national volunteering by sex, ethnicity and age.

BUDGET AND PERFORMANCE INTEGRATION PMA ANALYSIS (STATUS = Y PROGRESS = Y)

The Corporation made some progress toward integrating budget and performance information in 2006, and we have met the standards of success for achieving transitional operational characteristics. However the agency must further develop its plans to better achieve PMA standards in this area.

Table 17. Budget and Performance Integration PMA analysis

| CRITERIA | STATUS RATING | PROGRESS RATING | PROGRESS | PLANS |
|--|---------------|-----------------|---|---|
| Senior agency managers meet at least quarterly to examine reports that integrate financial and performance information that covers all major responsibilities of the agency. Agency has a "green" plan in place to improve performance and efficiency each year | Y | Y | Selected programs and operations (e.g., AmeriCorps enrollment) regularly rely on performance and financial information; data warehouse developed and half of agency basic data loaded; program operating plans include both financial and performance objectives by quarter, and are reviewed quarterly by senior management; inventory developed for performance measures at the program, Corporation, strategic initiative and national levels; initiating changes to data collection to assess key performance objectives; developing organizational performance measures. | Develop more integrated and informative financial and performance information; develop more specific plans for each of the next five fiscal years to ensure adequate progress in improving performance and efficiency; continue implementing data warehouse, including developing improved standard reports and ad-hoc reporting capabilities; promote use of data throughout agency. |
| Strategic plans contain a limited number of outcome-oriented goals and objectives. Annual budget and performance documents incorporate measures identified in the PART and focus on the information used in the senior management report described in the first criterion | G | G | Strategic plan containing a limited number of outcome metrics at both the national and Corporate levels was published in FY 2006; budget and performance documents incorporate PART measures for programs that have been evaluated and focus on performance and financial information. | Continue to develop improved data to support the agency's performance measures, particularly outcome/proxy outcome measures, and sufficient trend data for all programs. |
| Reports the full cost of achieving performance goals accurately in budget and performance documents and can accurately estimate the marginal cost of changing performance goals | Y | Y | Full cost of programs is reported in financial statements; full cost of performance goals are estimated using a simplified methodology; marginal costs estimated for selected outputs; completed initial assessment of agency economic benefits and began developing statistics-based national volunteering projection model. | Develop improved methodology to readily and more accurately trace and allocate costs to performance goals; develop multi-year current services/policy cost/performance analyses for key agency goals. |
| Has at least one efficiency measure for all PARTed programs | Y | Y | One of the two "PARTed" programs has a proxy efficiency measure; completed initial assessment of selected possible efficiency measures. | Continue developing improved efficiency measures for all programs and key outputs/outcomes. |
| Uses PART evaluations to direct program improvements and hold managers accountable for those improvements; and, PART findings and performance information are used consistently to justify funding requests, management actions and legislative proposals; and, less than 10% of agency programs receive a Results Not Demonstrated rating for two years in a row. | G | Y | 2 of the 5 major programs have been evaluated using PART, draft PART assessment for VISTA also completed; 2 of the 3 PARTed programs assessed as "adequate;" PART findings for these programs helped guide management decisions, program operations and budget proposals; conducted initial PART analysis/simulations for remaining 2 major programs. | Continue to implement PART recommendations, including conducting adequate program evaluations and developing/implementing improved performance measures; improve integration of PART findings and performance information into budget development process; implement key program evaluations. |

FAITH-BASED AND COMMUNITY INITIATIVE

Status =G Progress=G

Since the Corporation is an independent agency, OMB does not formally establish criteria for or review the Corporation's performance on this initiative. Therefore, in 2004 the agency completed a self-assessment based upon rigorous execution of the President's Executive Orders and other administrative guidance. Continuing in 2005 and 2006, the Corporation has proactively implemented the initiative through a task force comprised of representatives from all Corporation programs and administrative offices. The agency's faith-based and community initiative ensures that all program development, outreach, technical assistance, and research—including data collection—support equal opportunities for the participation of faith-based and community-based organizations (CBOs).

In FY 2006, almost 79 percent of available program funding was awarded to faith-based and community-based organizations. Total funding to faith-based organizations was 12.2 percent of overall available program funding, or just under \$70 million. Also, in FY 2006, the Corporation is able to report an increase in funding to CBOs. Total funding to CBOs was \$382.1 million or 66.68 percent of available program funding.

This shows significant progress in the Corporation's efforts to remove barriers at the federal, state and local levels for participation of faith-based and community-based organizations. As a result of the removal of barriers, strengthened outreach efforts across the Corporation's five primary programs, use of intermediaries, and innovation in development of multi-site pilot projects, the number of faith-based and other community grantees, host sites, sponsors and stations is expected to continue to grow in FY 2007.

MODEL PROGRAM PILOT—PRISONER REENTRY PROGRESS UPDATE

In FY 2005, model faith-based and other community organization projects collaborated to develop and launch a joint national service project to support prisoner reentry into communities including, housing, employment and mentoring initiatives in 12 U.S. cities, in partnership with the Department of Justice Weed & Seed Program. In FY 2006, extraordinary progress has been made. In one year, the DOJ/CNCS initiative has stimulated much interest not only in the initial 12 cities, but elsewhere with large agencies and with small community-based and faith-based organizations not associated with the Department of Justice and their Weed & Seed initiative or previously with CNCS. This partnership has succeeded in accomplishing targeted outcomes as well as other outcomes that are highly beneficial to the former prisoners and the communities receiving them. Currently, there are 24 reentry projects involving 219 AmeriCorps*VISTA members, with another 13 involving an additional 69 AmeriCorps*VISTA members, under development.

TRINITY CHRISTIAN COMMUNITY, NEW ORLEANS, LA

Trinity Christian Community (TCC) is a faith-based community development corporation serving at-risk urban families and youth in neglected New Orleans communities, through mentoring, financial counseling and recreational activities. But the 75 AmeriCorps members who joined TCC in November took on a vastly different task: helping gut out and repair the homes of the poor and elderly living in the surrounding neighborhood. "This is no easy task," said Rev. Kevin Brown, "Getting the grant to bring aboard these hard workers for a year was an answer to a prayer and a blessing for my community." Rev. Brown was impressed with how quickly the members, many of them recruited from the local community, have taken to the work. Despite the grimy duty and oppressive heat, they quickly have become experts in mucking out houses, and can tell at a glance if the work has been done properly. In addition to mucking out homes, AmeriCorps members serving at TCC provide local residents with hurricane preparedness information and supplies, access to tools, help filling out forms, mentoring services, and seminars on home repairs, property usage and civic responsibility.



ANALYSIS OF APPROPRIATIONS AND
FINANCIAL CONDITION

COMPOSITION OF 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. Fund Balance with Treasury increased by about \$24 million, from \$904 million at September 30, 2005, to \$928 million at September 30, 2006. The increase in the fund balance is due primarily to actual appropriations received being greater than actual cash used in operating and investing activities. Most of this funding is obligated and will be liquidated in the following year.

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. Trust Investments and Related Receivables showed an increase of \$43 million related to funding for new obligations in program year 2006, which was higher than the amount paid out for education awards earned in previous years due to the cyclical nature of these payments.

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. Advances to others decreased slightly, by \$2 million, from \$66 million at September 30, 2004 to \$64 million at September 30, 2005, reflecting the similar level of drawdown activity as the prior year.

COMPOSITION OF CORPORATION LIABILITIES

The Corporation's most significant liabilities are the Trust Service Award Liability and Grants Payable. Individuals who successfully complete terms of service in AmeriCorps programs earn education awards that can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which can be used for a period of up to seven years, are paid from the National Service Trust. The Trust also pays forbearance interest on qualified student loans during the period members perform community service. The award liability components related to education awards and interest forbearance were adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The Trust Service Award Liability increased by about \$7 million—from \$260 million at September 30, 2005 to \$267 million at September 30, 2005. This change was largely due to the continued growth of the AmeriCorps*State and National program in FY 2005 and FY 2006.

Grants Payable represents funds due to grantees in payment of their performance under a grant. For the most part, these payables are liquidated during the first quarter of the subsequent fiscal year. Grants Payable decreased by about \$2 million – from \$91 million at September 30, 2005, to \$89 million at September 30, 2006. The change between the two years is considered a normal operating variance.

TRUST SOLVENCY

The Strengthen AmeriCorps Program Act of 2003 (SAPA) directed that the Corporation record 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.¹ 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. Under SAPA, during fiscal 2006 the Corporation based its obligation amount on the full value of

1. Enrollment Rate = Percent of awarded positions filled by enrolled members; the Award Earning Rate = Percent of enrolled members who earn an award; Award Usage Rate = Percent of earned awards that are used (i.e. redeemed).

the education award, a 100 percent enrollment rate, 80 percent earning rate, and 80 percent usage rate. For fiscal 2007 the earning and usage rate have been increased by one percent to reflect recent trends in these factors.

As of September 30, 2006, the National Service Trust had available cash and investments of about \$414 million to make education award and interest forbearance payments (about \$8 million of Trust assets were related to prepaid interest and receivables that are not available for obligation). Of this amount, Corporation obligations for awarded AmeriCorps positions totaled about \$381 million and had commitments of \$8 million. The Corporation has also set aside a reserve of \$40 million, including \$7 million set aside in FY 2006 in case.

Trust assets are estimated to be fully sufficient to pay for all awarded AmeriCorps positions. As grants expire, the Corporation has begun to deobligate funds related to member positions that were not filled. The Corporation will also continue to analyze the Trust liability projections to identify opportunities for improvement. (Appendix V provides more information on the Trust.)

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REPORT ON INTERNAL CONTROLS, AUDIT
RESULTS, AND IMPROPER PAYMENTS

The Corporation is subject to the reporting requirements of the Government Corporation Control Act (31 U.S.C. 9101 et. seq.). Under these requirements, the Corporation provides a statement on its internal accounting and administrative controls consistent with the requirements of the Federal Managers' Financial Integrity Act of 1982, as amended (31 USC 3512, et seq.) and implemented by Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control (revised December 21, 2004). The statement reflects the Corporation's assessment of whether there is reasonable assurance that internal controls are achieving the intended results, reports any material weaknesses in internal controls present within the agency, and describes management's current plans to address and correct any deficiencies.

BASIS OF FY 2006 ASSESSMENT

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

- » A written self-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.
- » 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.
- » Comprehensive risk-based-assessments and random-sample internal control review testing of selected portions of the Corporations program and administrative operations.

In addition, management's knowledge of the Corporation's day-to-day operations plays an important role in the assessment that controls for the Corporation's fundamental work generally are in place and are 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, contracts, and cooperative agreements.

OMB CIRCULAR A-123, MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROL

During FY 2006, the Corporation initiated its OMB Circular A-123 compliance program. These efforts included engaging a public accounting firm to produce base line documentation for the internal controls in place as of the end of fiscal 2005 and to assist in developing a framework for risk assessment, testing programs and sampling plans. The Corporation also established an organizational structure for continual development and monitoring of internal controls. The new structure includes a Senior Assessment Team of key financial and program management executives and an Internal Control and Analysis Branch within the Chief Financial Officer's Department to provide professional support for the Senior Assessment Team.

Risk assessment decisions for fiscal 2006 control effectiveness testing were heavily weighted by the dollar volume significance of grant programs and the findings included in the Fiscal 2005 Financial Statement Audit Report. The areas for which we have performed comprehensive random-sample testing of internal controls are: Grant Risk Assessments jointly performed by program officers and grants officers; Grant Monitoring Activities, including on-site visits; Personnel Action Processing; Employee Time and Attendance Processing; and the acceptance, receipt and expenditure of Gift Fund Donations from the Public. The results of our testing identified opportunities to fine tune processes for the purposes of improving efficiency and diminishing the likelihood of potential errors. However, we found no area of material weakness in any of the internal controls that we tested.

OMB CIRCULAR A-123 INTERNAL CONTROL ASSESSMENT PROGRAM

The Corporation's internal control assessment program includes training managers and administrative staff on the purpose of controls and how the Corporation develops, implements, assesses, corrects, and reports on controls. The internal control program is now a year-round process that includes the following components:

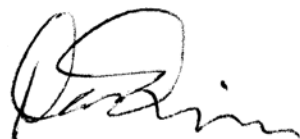
- » Monthly meetings of the Senior Assessment Team.
- » Quarterly meeting of the Financial Performance Council.
- » A self-assessment of controls by Corporation managers using a structured questionnaire.
- » Review and feedback for all completed self-assessment questionnaires.
- » Site visits to offices conducting financial and program administration activities for the purpose of providing training and discussing the results of internal control assessment testing.
- » The results of internal control test work are documented for analysis and planning future reviews and operational improvement efforts.

Under our risk-based approach, Corporation operating areas that execute financial transactions will be tested annually (e.g., Field Financial Management Center, Accounting and Financial Management Services, Office of Grants Management) and all areas complete self-assessment questionnaires on a three-year cycle. During FY 2006, the Corporation received 12 self-assessments.

MANAGEMENT ASSURANCES

STATEMENT OF ASSURANCE FOR INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding assets and compliance with applicable laws and regulations. The Corporation conducted its assessment of the effectiveness of the Corporation's internal control over financial reporting in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, the Corporation can provide reasonable assurance that internal control over financial reporting as of June 30, 2006 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



David Eisner
Chief Executive Officer
Corporation for National and Community Service

AUDIT RESULTS

FY 2006 marks the seventh consecutive year the Corporation has earned an unqualified opinion on its financial statements, the sixth year with no material weaknesses in its internal controls and one reportable condition. While these results demonstrate the Corporation's commitment to sound financial management, we are continually striving to further enhance our internal controls and the efficiency of our financial and program administration operations. Accordingly, many enhancement projects have been advanced during FY 2006.

The auditors identified one compliance issue regarding cost share agreements entered into with non-Federal AmeriCorps sponsors. We are working in consultation with the OMB to ensure that such agreements are executed and recorded in conformity with statutory authority and OMB Circular A-11. Our consultations with OMB will include identifying corrective action, if any, that is warranted. Based on the information we have, this matter does not have a direct and material effect on determination of financial statement amounts.

IMPROPER PAYMENTS

The Improper Payments Information Act (IPIA—P.L. 107-300) requires Federal agencies to identify and report on significant payment programs that are susceptible to erroneous payments. The Act defines significant erroneous payments as those within a single payment program that exceed both 2.5 percent of that program's annual amounts paid and \$10 million annually. The Corporation reviewed its operations identifying 12 payment programs, and assessed each to determine which, if any, were susceptible to significant erroneous payments. Only six of the 12 programs make total annual payments that exceed \$10 million. For any of the six programs under which total payments exceed \$10 million, preliminary error rates exceeding the 2.5 percent threshold would have to be subsequently confirmed through a statistical sampling process to designate a payment program as a significant payment program susceptible to erroneous payments.

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 account for about 64 percent of all Corporation payment amounts. As grant programs, these payments are administered by the Department of Health and Human Services' Payment Management System. There are numerous internal and external controls making erroneous payments highly unlikely. For example, awards go through many levels of review and approval before obligations are created and transmitted to the Payment Management System. These payments are all requested by authorized grantees, and then they are validated and disbursed by Health and Human Services. Moreover, the receipt and use of grant funds by grantees are monitored by the Corporation and in many cases 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 results of the FY 2006 IPIA review, there were no significant payment programs susceptible to erroneous payments. However, even though the Corporation concluded its programs are not susceptible to erroneous payments as defined under the Act, most non-grant payments are reviewed as part of the OMB Circular A-123 Internal Control Assessment Program discussed above.

DATA QUALITY

OVERVIEW

With the exceptions noted in this report, the financial and performance data provided in The FY 2006 Performance and Accountability Report are complete and reliable. In FY 2006, the Corporation continued to develop its ability to measure and manage its performance. Key to this effort was the publication of the strategic plan in February 2006, including the identification of our goals and corresponding national and Corporation performance measures. The agency took steps to implement relevant data collection efforts and will continue to improve its timely performance reporting.

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.

To help fill in some of these data gaps, as well as to enhance our ability to report on data, the Corporation has employed the use of surveys to get a sense of how programs and program participants contribute to performance outcomes. While these surveys are offered to a sample of respondents regarding specific subject matter, they are independent and reliable. However, the Corporation's surveys were not originally designed for annual measurement. Therefore, in some cases changes were made in the population surveyed, survey questions or other aspects of the surveys that reflect the program evaluation purposes of these studies. The Corporation is working to adapt survey/plans to support annual measurement more consistently.

RELIABILITY

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. The Corporation is working to further improve its data reliability including conducting a review of internal controls of performance measurement in FY 2007.

FINANCIAL MANAGEMENT



Message from the
CHIEF FINANCIAL OFFICER

NOVEMBER 2006

The Corporation's continued management focus on accountability, efficiency and strategic use of resources paid big dividends in fiscal year 2006. Among the significant milestones we achieved:

- » **[A seventh consecutive unqualified audit opinion on our financial statements.]** This audit reflects a great leap forward in the Corporation's grants oversight and monitoring program, an area of long-standing concern, and improvements in our administration of personnel and payroll that address the related FY 2005 reportable condition. A new Internal Assessment Team is solidifying our financial controls and ensuring our compliance with A-123 standards.
- » **Sizable cost-effectiveness gains** from automating education award payments to AmeriCorps members, consolidating five field financial service centers into one, cutting out the "middle man" in our accounting system contract, and modernizing payroll systems for our VISTA and NCCC programs. Each of these initiatives means cost savings and better customer service.
- » **Further performance improvements on the CFO Council's government-wide financial metrics.** We moved from red to green on accounts receivable and anticipate doing the same on electronic payments and purchase card payments in early 2007. These improvements will result in consistently achieving seven to eight green lights on the nine metrics.
- » **Stronger linkage between our budget and strategic plan.** The Corporation is aligning all of its programs toward four strategic focus areas. Our fiscal year 2008 OMB budget submission is based on multi-year plans for achieving the focus area goals, such as increasing the number of Americans who volunteer, largely by redirecting base resources.

Our CEO, David Eisner, has challenged us to increase the value of our grants by reducing grantee burden and helping grantees get the most out of their federal dollars. Our efforts in 2006 centered around streamlining grant applications and implementing a seven-point plan for maximizing the use of AmeriCorps funds, some of which go unexpended due to member recruitment and retention shortfalls. The plan gives grantees greater flexibility to fill member slots, ratchets up grantee accountability, and gives the Corporation better tools for recapturing unspent funds so they can be used for national service activities as intended.

We are looking forward to more success in Fiscal Year 2007. We will take the first steps in transitioning to the Grants Management Line of Business; launch a "Paperless CFO" effort to promote further automation; implement a web-based time and attendance system; and complete the data warehouse project, which will deliver real-time management information to the desktop.

Of course, none of these accomplishments would be possible without the expertise, commitment, and hard work of employees throughout the Corporation. We have an outstanding team of professionals who understand that good management is essential to advancing national service.

Jerry G. Bridges
Chief Financial Officer

AUDIT RESULTS

AUDITOR'S REPORT

Office of Inspector General Corporation for National and Community Service

AUDIT OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE'S FISCAL YEAR 2006 FINANCIAL STATEMENTS

Audit Report Number 07- 01



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
635 Slaters Lane, Fourth Floor
Alexandria, Virginia 22314


This report was issued to Corporation management on November 15, 2006. 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 15, 2007, and complete its corrective actions by November 15, 2007. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

November 15, 2006

TO: David Eisner
Chief Executive Officer

FROM: Robert Shadowens 
Deputy Inspector General

SUBJECT: Audit of the Corporation for National and Community Service's Fiscal Year 2006
Financial Statements, Audit Report Number 07-01

We contracted with the independent certified public accounting firm of Cotton & Company (Cotton) to audit the financial statements of the Corporation for National and Community Service (Corporation) as of September 30, 2006 and 2005, and for the years then ended. The contract required that the audit be performed in accordance with generally accepted government auditing standards.

In its audit, Cotton found

- The financial statements were fairly presented, in all material respects, in conformity with generally accepted accounting principles;
- Reportable conditions from the Fiscal Year 2005 audit were determined to be closed;
- A reportable condition on Financial Reporting for Fiscal Year 2006;
- An issue of noncompliance with laws and regulations it tested.

Cotton & Company is responsible for the attached auditor's report, dated November 13, 2006, and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the Corporation for National and Community Service's Financial Statements or Cotton's conclusions about the effectiveness of internal control or compliance with laws and regulations.

The Corporation's response to the audit report is included as an Appendix.

Attachment

cc:

Nicola Goren, Chief of Staff
Frank Trinity, General Counsel
Jerry Bridges, Chief Financial Officer
William Anderson, Deputy CFO for Financial Management
Sherry Wright, Audit Resolution Coordinator



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Office of Inspector General
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, 2006, and September 30, 2005, and the related Statements of Operations and Changes in Net Position, Budgetary Resources, and Cash Flows for the years ended September 30, 2006, and September 30, 2005. 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, 2006, and September 30, 2005, and the results of its operations and changes in its net position, budgetary resources, and cash flows for the years ended September 30, 2006, and September 30, 2005, 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 November 13, 2006, 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 the accompanying table of contents under *Management's Discussion and Analysis, Appendices, and Online Resources* 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 methods of measurement and presentation of this information. We did not, however, audit this information and, accordingly, we express no opinion on it.

COTTON & COMPANY LLP

A handwritten signature in black ink that reads "Alan Rosenthal". The signature is fluid and cursive, with a long, sweeping horizontal stroke at the end.

Alan Rosenthal, CPA
Partner

November 13, 2006
Alexandria, Virginia



Cotton & Company LLP
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4th Floor
Alexandria, VA 22314

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Office of Inspector General
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, 2006, and September 30, 2005, and have issued our report thereon dated November 13, 2006. We conducted our audits 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.

Corporation management is responsible for complying with laws and regulations applicable to the Corporation. As part of obtaining reasonable assurance that the Corporation's fiscal year 2006 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described below.

The Corporation recognizes budgetary resources for reimbursements under cost-share agreements entered into with non-federal AmeriCorps*VISTA sponsors when agreements are executed rather than when reimbursements are received, which is required by Office of Management and Budget (OMB) Circular A-11. OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, Section 20.4(b), states:

Budget authority may be recorded and obligations incurred against orders from other Federal accounts only if an obligation is recorded by the paying account; obligations normally cannot be incurred against orders from the public without an advance....

You cannot incur obligations against customer orders received from non-Federal sources without an advance, unless a law specifically allows it.

Accordingly, the Corporation cannot record spending authority from offsetting collections for cost-share reimbursements or incur obligations against this authority until reimbursements are received. The Corporation may incur obligations to pay VISTA members against its Domestic Volunteer Service Act (DVSA) appropriations as well as cost-share amounts that have been collected. If at any time, however, obligations exceed budgetary resources, an Anti-Deficiency Act violation could occur. We were unable to determine if the Corporation was in compliance with the Anti-Deficiency Act at all times during the fiscal year. However, unobligated balances at September 30, 2006, in the FY 2006 DVSA appropriation (Treasury Account 95 06 0103 000 0) were \$54,263. If resources generated by unfilled customer orders without advance and receivables related to cost share agreements of \$1,665,182 were deducted from unobligated balances a deficit of \$1,610,919 would exist. This is an indication that the Corporation may have been in violation of the Anti-Deficiency Act.

We recommend that the Corporation modify its accounting practices to comply with OMB Circular A-11. We also recommend that the Corporation investigate a potential Anti-Deficiency Act occurrence and take required corrective action if a violation occurred.

This report is intended solely for the information and use of the United States Congress, President, Director of the Office of Management and Budget, Comptroller General of the United States, Corporation, and Inspector General. It is not intended to be and should not be used by anyone other than these specific parties.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

November 13, 2006
Alexandria, Virginia



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Office of Inspector General
Corporation for National and Community Service

**INDEPENDENT AUDITOR'S 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 years ended September 30, 2006, and September 30, 2005, and have issued our report thereon dated November 13, 2006. We conducted our audits 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 Fiscal Year 2006 audit, we considered the Corporation's internal control over financial reporting by obtaining an understanding of the Corporation's internal control, determining if internal control 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 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 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 07-02.

We have provided a draft of this report to the Corporation. The Corporation's response to our report is included as Appendix A.

This report is intended solely for the information and use of the United States Congress, the President, Director of the Office of Management and Budget, Comptroller General of the United States, Corporation, and 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

November 13, 2006
Alexandria, Virginia

EXHIBIT 1
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
REPORTABLE CONDITION
SEPTEMBER 30, 2006

FINANCIAL STATEMENT QUALITY CONTROL AND ASSURANCE IMPROVEMENTS NEEDED

The Corporation's internal control and quality assurance procedures over financial management and reporting need improvement to ensure that accurate and reliable financial reports can be prepared in a timely manner. The Corporation's financial reporting department, Accounting and Financial Management Services (AFMS), is responsible for preparing financial statements as well as ensuring that all accounting transactions are accurate and recorded in accordance with appropriate accounting principles.

The Corporation did not have sufficient and effective quality control procedures over its draft financial statements and related footnote disclosures. This resulted in a significant number of auditor comments and several versions of the financial statements and footnotes. In addition, the Corporation was unable to adhere to agreed-upon reporting deadlines. For example:

- The year-end trial balance and financial statements were submitted by the Corporation after the scheduled delivery date and contained errors and omissions that resulted in three subsequent revisions.
- Capital property and capital lease supporting schedules were not maintained throughout the fiscal year. The Corporation did not maintain adequate records for approximately \$2 million of capital additions.
- Increases and decreases in unobligated balances for expired funds were not accounted for using appropriate general ledger accounts for upward and downward adjustments, resulting in approximately \$6.5 million of misstatements on the Statement of Budgetary Resources (SBR).
- Differences of \$2.5 million in the relationship between unexpended appropriations in the proprietary accounts and unobligated balances and undelivered orders in budgetary accounts were not researched to determine validity. The invalid differences are indicative of accounting posting errors.
- A misclassification of budget object codes (BOC) during cost allocation resulted in a \$15 million discrepancy between member stipends and salaries and benefits that was not detected by AFMS.
- Use of a trial balance that omitted opening account balances resulted in the Corporation overstating unfunded Federal Employees Compensation Act (FECA) liability by approximately \$2.1 million.
- Liability for the Volunteer Health Claim Accrual was overstated by \$5.1 million as the result of transposition of numbers and data entry errors.

- Adjustments were recorded in the Corporation's Momentum accounting system to reconcile to the FACTS II data submitted to Treasury without supporting documentation for the adjustments.
- The general ledger contained accounts with unnatural balances that were not investigated for determining validity.
- The Corporation did not recognize all imputed expenses and financing related to Treasury's Judgment Fund.
- The ending Fiscal Year (FY) 2005 account balances did not agree with beginning FY 2006 balances due to the fact that adjusting entries were posted to incorrect accounting periods.
- The June 30, 2006, SBR contained a misstatement of approximately \$11 million for the line item "Less distributed offsetting receipts" in the "Outlays" section due to the omission of a general ledger account balance.
- Purchases and sales of securities included in investing activities in the Statement of Cash Flows as of June 30, 2006, were not the actual amounts paid or received due to the fact that they included the applicable discount or premium. Operating activities were misstated by a similar amount.

Recommendations

We recommend that existing procedures be reviewed and enhanced to ensure that all financial transactions are properly recorded, and that accurate and reliable financial statements and footnotes can be prepared on a timely basis. Specifically, we recommend:

- Performing additional analytical procedures, such as relationship testing and fluctuation analysis.
- Developing and implementing checklists to ensure timely, accurate, and complete financial reporting in accordance with applicable accounting principles.
- Having an independent review conducted by individuals not associated with the Corporation's daily financial management and reporting responsibilities.
- Providing training and continuing education for financial management personnel.
- Producing accruals on a quarterly basis in order that quarterly financial statements comply with generally accepted accounting principles and facilitate fiscal year-end financial reporting.

EXHIBIT 2
STATUS OF PRIOR-YEAR REPORTABLE CONDITIONS
AS OF SEPTEMBER 30, 2006


| FY 2005 Finding | Type | FY 2006 Status |
|--|--|-----------------------|
| Monitoring of Grantee Activities | 2002: Reportable Condition 2003: Reportable Condition 2004: Reportable Condition 2005: Reportable Condition | Closed |
| Personnel and Payroll Processing Internal Controls | 2005: Reportable Condition | Closed |

AGENCY RESPONSE

APPENDIX

CORPORATION RESPONSE TO REPORT



Date: November 15, 2006
To: Carol Bates, Assistant Inspector General for Audit
From: Jerry Bridges, Chief Financial Officer 
Subject: Fiscal 2006 Financial Audit Report

Thank you for the opportunity to comment on the fiscal 2006 financial audit report (OIG Report 07-01). We are pleased that the two prior-year reportable conditions have been favorably resolved. The Corporation achieved a significant milestone in closing the longstanding reportable condition on grantee oversight and monitoring. This culminated an intensive two-year effort in which the Corporation implemented a unified risk assessment and planning process, held program and grant staff accountable to their monitoring plans, improved documentation of monitoring activities, and built innovative oversight and monitoring tools into its electronic grants management system.

Regarding Cotton & Company’s assessment that the Corporation did not have an adequate financial statement quality control process, the Corporation disagrees. In the report the auditors cite several examples of minor adjustments made during the course of the audit. As noted in a separate response to you, the Corporation addressed each of these proposed adjustments in detail, noting why it would be inappropriate for the Corporation to make the adjustments and other audit recommendations. That correspondence represents the Corporation’s management decision for the audit in accordance with OMB Circular A-50. I appreciate your timely concurrence with management’s decision on this matter.

Regarding cost-share agreements entered into with non-Federal AmeriCorps*VISTA sponsors, Cotton & Company disagreed with the Corporation’s long standing interpretation of its authorizing statute. Since its inception, the Corporation has opined that the statute allows *reimbursable* cost share agreements with VISTA sponsoring organizations. OMB Circular A-11 *generally* does not allow such agreements with non-Federal entities unless an agency has *specific authority*. The auditors concluded that the Corporation’s authorizing statute did not meet the “specific authority” requirement in Circular A-11. We are working with OMB to clarify the applicability of this section of the Circular, including identifying any corrective actions that may be needed. This matter does not have a direct and material effect on determination of our financial statement amounts.



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FINANCIAL STATEMENTS

The Corporation's financial statements report the financial position, results of operations, cash flows, and budgetary resources, as required by the Government Corporation Control Act (Act), the National and Community Service Act of 1990, as amended, and the President's February 27, 2004, Executive Order on National and Community Service Programs (EO 13331). 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 fiscal 2006 the report is due 45 days after the fiscal year end. As specified in the Act, the principal financial statements of the Corporation are the:

- » 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 Cash Flows, which reports on the components that make up the change in fund balance of the Corporation for the year.

In addition, under the requirements of Executive Order 13331, the Corporation includes a Statement of Budgetary Resources, which reports the status of the Corporation's obligations and outlays, as one of its principal statements. The statements present comparative information for FY 2006 and 2005. For the seventh 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.

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 for the purpose of presenting the financial position, results of operations, and cash flows of the Corporation for National and Community Service, 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). These financial statements include the Corporation's activities related to providing grants and education awards to eligible recipients. 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 financial statements differ from other financial reports submitted pursuant to Office of Management and Budget directives for the purpose of 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)

| ASSETS | 2006 | 2005 |
|---|----------------------------|----------------------------|
| Fund Balance with Treasury <i>(Note 2)</i> | \$ 927,827 | \$ 904,096 |
| Trust Investments and Related Receivables <i>(Note 3)</i> | 448,329 | 404,745 |
| Advances to Others | 60,047 | 63,589 |
| Accounts Receivable, Net <i>(Note 4)</i> | 2,055 | 3,187 |
| Property and Equipment, Net <i>(Note 5)</i> | 3,158 | 982 |
| TOTAL ASSETS | <u>\$ 1,441,416</u> | <u>\$ 1,376,599</u> |
| LIABILITIES | | |
| Trust Service Award Liability <i>(Note 6)</i> | \$ 266,943 | \$ 260,061 |
| Grants Payable | 88,639 | 91,448 |
| Accounts Payable | 5,912 | 7,061 |
| Actuarial FECA Liability <i>(Note 8)</i> | 12,537 | 12,298 |
| Other Liabilities | 11,223 | 10,109 |
| Accrued Annual Leave | 3,736 | 3,412 |
| Advances from Others | 162 | 68 |
| Capital Lease Liability <i>(Note 7)</i> | 327 | 402 |
| TOTAL LIABILITIES | <u>389,479</u> | <u>384,859</u> |
| Commitments and Contingencies <i>(Note 14)</i> | | |
| NET POSITION | | |
| Unexpended Appropriations | 872,133 | 864,400 |
| Cumulative Results of Operations | 179,804 | 127,340 |
| TOTAL NET POSITION <i>(Note 9)</i> | <u>1,051,937</u> | <u>991,740</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 1,441,416</u> | <u>\$ 1,376,599</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)

| REVENUES | 2006 | 2005 |
|---|---------------------|-------------------|
| Appropriated Capital Used | \$ 731,807 | \$ 678,753 |
| Appropriations Transferred to the Trust Fund <i>(Note 10)</i> | 154,868 | 142,848 |
| Interest | 15,427 | 12,096 |
| Revenue from Services Provided | 9,064 | 8,248 |
| Other | 185 | 1,111 |
| TOTAL REVENUE | 911,351 | 843,056 |
| EXPENSES | | |
| AmeriCorps | 553,851 | 494,246 |
| SeniorCorps | 235,955 | 233,285 |
| Learn and Serve America | 51,799 | 54,695 |
| Subtotal, Program Expenses | 841,605 | 782,226 |
| Earmarked Grants | 9,504 | 12,465 |
| Office of Inspector General | 7,778 | 6,029 |
| TOTAL EXPENSES <i>(Note 11)</i> | 858,887 | 800,720 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 52,464 | \$ 42,336 |
| NET POSITION | | |
| Excess of Revenue over Expenses | \$ 52,464 | \$ 42,336 |
| Increase in Unexpended Appropriations, Net <i>(Note 13)</i> | 7,733 | 75,344 |
| Increase in Net Position, Net | 60,197 | 117,680 |
| Net Position, Beginning Balance | 991,740 | 874,060 |
| NET POSITION, ENDING BALANCE <i>(Note 9)</i> | \$ 1,051,937 | \$ 991,740 |

The accompanying notes are an integral part of these financial statements.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30
(DOLLARS IN THOUSANDS)

| CASH FLOWS FROM OPERATING ACTIVITIES | 2006 | 2005 |
|---|--------------------------|--------------------------|
| Excess of Revenues over Expenses | \$ 52,464 | \$ 42,336 |
| Adjustments Affecting Cash Flow: | | |
| Appropriated Capital Used | (731,807) | (678,753) |
| Appropriations Received in Trust | (154,868) | (142,848) |
| Decrease/(Increase) in Accounts Receivable | 1,132 | (551) |
| Decrease/(Increase) in Interest Receivable | (56) | (1,332) |
| Decrease/(Increase) in Advances | 3,542 | 2,565 |
| Increase/(Decrease) in Accounts Payable and Other Liabilities | 59 | (473) |
| Increase/(Decrease) in FECA and Annual Leave Liabilities | 563 | 259 |
| Increase/(Decrease) in Capital Lease Liability | (75) | - |
| Increase/(Decrease) in Trust Liability | 6,882 | 22,564 |
| Increase/(Decrease) in Grants Payable | (2,809) | (25,802) |
| Amortization of Premium/Discount on Investments | 2,837 | (1,732) |
| Depreciation, Amortization, and Loss on Disposition of Assets | 899 | 402 |
| Total Adjustments | <u>(873,701)</u> | <u>(825,701)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(821,237)</u> | <u>(783,365)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (3,075) | (46) |
| Sales of Securities | 363,305 | 337,175 |
| Purchase of Securities | (409,670) | (400,983) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(49,440)</u> | <u>(63,854)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Appropriations Received | 919,049 | 934,482 |
| Canceled/Rescinded Appropriations | (24,641) | (37,537) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>894,408</u> | <u>896,945</u> |
| NET INCREASE/(DECREASE) IN FUND BALANCE WITH TREASURY | 23,731 | 49,726 |
| FUND BALANCE WITH TREASURY, BEGINNING | <u>904,096</u> | <u>854,370</u> |
| FUND BALANCE WITH TREASURY, ENDING | <u>\$ 927,827</u> | <u>\$ 904,096</u> |

The accompanying notes are an integral part of these financial statements.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30
(DOLLARS IN THOUSANDS)

| BUDGETARY RESOURCES | 2006 | 2005 |
|---|---------------------|---------------------|
| Unobligated balance, brought forward, October 1 | \$ 215,828 | \$ 154,669 |
| Recoveries of prior year unpaid obligations | 39,507 | 42,426 |
| Budget authority | | |
| Appropriations received | 1,092,466 | 1,086,254 |
| Spending authority from offsetting collections | | |
| Collected | 10,581 | 7,809 |
| Change in receivable from Federal sources | (1,968) | (1,726) |
| Change in unfilled customer orders | | |
| Advance received | 94 | (187) |
| Without advance from Federal sources | 2,634 | - |
| Anticipated for rest of year, without advances | - | - |
| Permanently not available | (24,642) | (37,537) |
| TOTAL BUDGETARY RESOURCES | \$ 1,334,500 | \$ 1,251,708 |
| STATUS OF BUDGETARY RESOURCES | | |
| Obligations incurred | | |
| Direct | \$ 1,148,622 | \$ 1,035,880 |
| Unobligated balances | | |
| Apportioned | 5,285 | 111,941 |
| Other available | 73,607 | 38,227 |
| Unobligated balances not available | 106,986 | 65,660 |
| TOTAL STATUS OF BUDGETARY RESOURCES | \$ 1,334,500 | \$ 1,251,708 |

(Continued)

The accompanying notes are an integral part of these financial statements.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30
(DOLLARS IN THOUSANDS)

(Continued)

| CHANGE IN OBLIGATED BALANCE | 2006 | 2005 |
|---|---------------------|---------------------|
| Obligated balance, net | | |
| Unpaid obligations, brought forward, October 1 | \$ 1,083,950 | \$ 1,040,374 |
| Less uncollected customer payments - brought forward, October 1 | (2,789) | (2,708) |
| Adjustment for 2004 carry forward balance | - | (8,352) |
| Obligations incurred, net | 1,148,622 | 1,035,880 |
| Less gross outlays | (1,007,987) | (943,333) |
| Less recoveries of prior year unpaid obligations, actual | (39,507) | (42,426) |
| Change in uncollected customer payments from Federal sources | (666) | 1,726 |
| TOTAL UNPAID OBLIGATED BALANCE, NET, END OF PERIOD | \$ 1,181,623 | \$ 1,081,161 |
| Obligated balance, net, end of period | | |
| Unpaid obligations | \$ 1,185,078 | \$ 1,083,950 |
| Less uncollected customer payments from Federal sources | (3,455) | (2,789) |
| TOTAL UNPAID OBLIGATED BALANCE, NET, END OF PERIOD | \$ 1,181,623 | \$ 1,081,161 |
| OUTLAYS | | |
| Gross outlays | \$ 1,007,987 | \$ 943,333 |
| Less offsetting collections | (10,675) | (7,622) |
| Less distributed offsetting receipts | (25,228) | (21,273) |
| NET OUTLAYS | \$ 972,084 | \$ 914,438 |

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, cash flows, and budgetary resources of the Corporation for National and Community Service (Corporation), as required by the Government Corporation Control Act (31 USC 9106), the National and Community Service Act of 1990, as amended (42 USC 12651), and 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, and Cash Flows have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to Federal governmental corporations and include the Corporation's activities related to providing grants and education awards to eligible participants. The Statement of Budgetary Resources, required by Executive Order, has been prepared in accordance with guidance prescribed in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, which constitutes generally accepted accounting principles for Federal governmental entities as specified by the AICPA's Statement on Auditing Standards 69, *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 Cash Flows; and
- » Statement of Budgetary Resources.

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 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.

C. Budgets and Budgetary Accounting

The activities of the Corporation are primarily funded through the Labor-Health and Human Service, and Education appropriation bill. For FY 2006, the bill provided one amount to carry out Domestic Volunteer Service Act (DVSA) programs, a second amount to carry out National and Community Service Act (NCSA) programs, a third amount for salaries and expenses to cover administration of both DVSA and NCSA programs, and a fourth amount to cover necessary expenses of the Office of Inspector General (OIG).

Appropriations covering DVSA programs as well as salaries and expenses are available for obligation by the Corporation for one fiscal year only, while appropriations for NCSA and OIG are available for obligation by the Corporation over two fiscal years.

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 yearend 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, furniture, 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.

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. Revenues

Appropriated Capital Used

The Corporation obtains funding for its program and operating expenses through annual and multiyear 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 on Treasury bills is paid at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

Revenue from Services Provided

The Corporation 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.

S. 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 \$571 thousand and \$622 thousand to the CSRS

Plan, and \$7.06 million and \$6.63 million to the FERS and TSP Plans in fiscal years 2006 and 2005, respectively.

T. 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.

U. Supplemental Cash Flow Information

Interest paid during FY 2006 and 2005 was \$11 thousand and \$16 thousand, respectively. Property and equipment acquired under capital lease obligations totaled \$435 thousand in FY 2005. There were no capital acquisitions in FY 2006.

V. Reclassification of 2005 Financial Statements

Net Position in the Statement of Financial Position for FY 2005 was reformatted to conform to the FY 2006 presentation. The FY 2005 Statement of Budgetary resources was reformatted conform to the July 2006 changes required by OMB Circular A-136, *Financial Reporting Requirements*. These changes had no effect on Total Net Position, Budgetary Resources, Status of Budgetary Resources, or Relationship of Obligations to Outlays presented in the statements.

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> | | | | | | |
| | 2006 | | | 2005 | | |
| Type | Unrestricted | Restricted | Total | Unrestricted | Restricted | Total |
| Appropriated Funds | \$ 913,492 | \$ - | \$ 913,492 | \$ 902,793 | \$ - | \$ 902,793 |
| Trust Funds | - | 13,590 | 13,590 | - | 252 | 252 |
| Gift Funds | - | 745 | 745 | - | 1,051 | 1,051 |
| TOTAL | \$ 913,492 | \$ 14,335 | \$ 927,827 | \$ 902,793 | \$ 1,303 | \$ 904,096 |

| TRUST INVESTMENTS AND RELATED RECEIVABLES AS OF SEPTEMBER 30 | | |
|---|-------------------|-------------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | |
| | 2006 | 2005 |
| Investments, Carrying Value | \$ 443,602 | \$ 400,074 |
| Investment and Interest Receivable | 4,727 | 4,671 |
| TOTAL | \$ 448,329 | \$ 404,745 |

| AMORTIZED COST AND FAIR VALUE OF INVESTMENT SECURITIES AS OF SEPTEMBER 30 | | | | | | | | |
|--|-----------------------|-------------------------|----------------------------|-------------------|-----------------------|-------------------------|----------------------------|-------------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | | | | | | | |
| | 2006 | | | | 2005 | | | |
| Securities | Amortized Cost | Unrealized Gains | Unrealized (losses) | Fair Value | Amortized Cost | Unrealized Gains | Unrealized (losses) | Fair Value |
| Notes | \$ 406,825 | \$ - | \$ (4,520) | \$ 402,305 | \$ 370,896 | \$ - | \$ (6,324) | \$ 364,572 |
| Bills | 36,777 | 124 | - | 36,901 | 29,178 | 63 | - | 29,241 |
| Bonds | - | - | - | - | - | - | - | - |
| TOTAL | \$ 443,602 | \$ 124 | \$ (4,520) | \$ 439,206 | \$ 400,074 | \$ 63 | \$ (6,324) | \$ 393,813 |

At September 30, 2006, the notes held at year-end had an interest rate range of 3.0 percent to 6.625 percent and an outstanding maturity period of approximately one day to five years. The bills held at year-end had an interest rate range of 4.50 percent to 4.955 percent and were all due or mature within 46 days. The par values of these bills range from \$1.2 million to \$4.6 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 obligated amounts for education awards prove to be too low. As of September 30, 2006, \$39.8 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> | | | | |
| | 2006 | | 2005 | |
| Held-to-Maturity Securities | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Due in 1 year or less | \$ 189,747 | \$ 188,294 | \$ 156,960 | \$ 156,005 |
| Due after 1 year up to 5 years | 253,855 | 250,912 | 243,114 | 237,808 |
| TOTAL | \$ 443,602 | \$ 439,206 | \$ 400,074 | \$ 393,813 |

NOTE 4—ACCOUNTS RECEIVABLE, NET

| ACCOUNTS RECEIVABLE AS OF SEPTEMBER 30 | | | | |
|---|-----------|--------------|-----------|--------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | | | |
| | 2006 | | 2005 | |
| Accounts Receivable | \$ | 3,113 | \$ | 4,240 |
| Less: allowance for loss on receivables | | 1,058 | | 1,053 |
| ACCOUNTS RECEIVABLE, NET | \$ | 2,055 | \$ | 3,187 |

NOTE 5—PROPERTY AND EQUIPMENT, NET

| GENERAL PROPERTY AND EQUIPMENT AS OF SEPTEMBER 30 | | | | | | | | |
|---|----------------------|------------------|--------------------------------|-----------------|-----------------|--------------------------------|----------------|--|
| <i>(DOLLARS IN THOUSANDS)</i> | | | | | | | | |
| 2006 | | | | | 2005 | | | |
| Major Class | Service Life (Years) | Cost | Less: Accumulated Depreciation | Net Book Value | Cost | Less: Accumulated Depreciation | Net Book Value | |
| Equipment | 3-10 | \$ 3,320 | \$ 1,381 | \$ 1,939 | \$ 2,191 | \$ 1,593 | \$ 598 | |
| Capital leases | 3-5 | 435 | 140 | 295 | 435 | 51 | 384 | |
| ADP software | 2 | 6,274 | 5,350 | 924 | 5,042 | 5,042 | - | |
| TOTAL | | \$ 10,029 | \$ 6,871 | \$ 3,158 | \$ 7,668 | \$ 6,686 | \$ 982 | |

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> | | | | |
| | 2006 | | 2005 | |
| Education awards | \$ | 1,038,985 | \$ | 921,086 |
| Interest forbearance | | 32,478 | | 30,038 |
| Presidential Freedom Scholarship program | | 20,900 | | 20,999 |
| Total estimated service award liability | | 1,092,363 | | 972,123 |
| Less: cumulative awards paid | | 825,420 | | 712,062 |
| TOTAL | \$ | 266,943 | \$ | 260,061 |

The net service award liability as of September 30, 2006, increased by approximately \$6.9 million from the net service award liability as of September 30, 2005. 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 4 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> | | |
| | 2006 | 2005 |
| Fiscal Year 2006 | \$ - | \$ 117 |
| Fiscal Year 2007 | 109 | 109 |
| Fiscal Year 2008 | 109 | 109 |
| Fiscal Year 2009 | 109 | 109 |
| Fiscal Year 2010 | 73 | 73 |
| Fiscal Year 2011 | - | - |
| Total future minimum lease payments | 400 | 517 |
| Less: amounts representing interest | 73 | 115 |
| TOTAL | \$ 327 | \$ 402 |

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> | | | | | | | | |
| | 2006 | | | | 2005 | | | |
| Fiscal Year | Facilities Space | Vehicles | Other | Total | Facilities Space | Vehicles | Other | Total |
| 2006 | \$ - | \$ - | \$ - | \$ - | \$ 8,597 | \$ 1,053 | \$ 169 | \$ 9,819 |
| 2007 | 7,828 | 964 | 166 | 8,958 | 9,166 | 1,091 | 175 | 10,432 |
| 2008 | 8,073 | 998 | 173 | 9,244 | 9,338 | 1,131 | 182 | 10,651 |
| 2009 | 8,328 | 1,033 | 180 | 9,541 | 9,515 | 1,173 | 188 | 10,876 |
| 2010 | 8,592 | 1,069 | 188 | 9,849 | 9,697 | 1,216 | 195 | 11,108 |
| 2011 | 8,864 | 1,107 | 198 | 10,169 | - | - | - | - |
| TOTAL | \$ 41,685 | \$ 5,171 | \$ 905 | \$ 47,761 | \$ 46,313 | \$ 5,664 | \$ 909 | \$ 52,886 |

NOTE 8—WORKERS' COMPENSATION

The Corporation's actuarial liability for future workers' compensation benefits (FECA) was \$12.5 million and \$12.3 million as of September 30, 2006 and 2005, 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 consists of unexpended appropriations and cumulative results of operations. Component balances are separately maintained for the Gift Fund, Trust Fund, and Appropriated Funds. Cumulative results of operations represents the differences between revenues and expenses since the Corporation's inception.

| NET POSITION BY FUND BALANCE COMPONENTS | | | | |
|---|---------------|-------------------|-------------------|---------------------|
| AS OF SEPTEMBER 30, 2006 | | | | |
| <i>(DOLLARS IN THOUSANDS)</i> | | | | |
| | GIFT FUND | TRUST FUND | APPROPRIATED FUND | TOTAL |
| Unexpended appropriations | - | - | 872,133 | 872,133 |
| Cumulative results of operations | 743 | 194,980 | (15,919) | 179,804 |
| TOTAL NET POSITION | \$ 743 | \$ 194,980 | \$ 856,214 | \$ 1,051,937 |

| NET POSITION BY FUND BALANCE COMPONENTS | | | | |
|---|-----------------|-------------------|-------------------|-------------------|
| AS OF SEPTEMBER 30, 2005 | | | | |
| <i>(DOLLARS IN THOUSANDS)</i> | | | | |
| | GIFT FUND | TRUST FUND | APPROPRIATED FUND | TOTAL |
| Total unexpended appropriations | - | - | 864,400 | 864,400 |
| Cumulative results of operations | 1,011 | 144,950 | (18,621) | 127,340 |
| TOTAL NET POSITION | \$ 1,011 | \$ 144,950 | \$ 845,779 | \$ 991,740 |

NOTE 10—APPROPRIATIONS RECEIVED BY THE TRUST FUND

Under the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149) the Trust received \$138.6 million (\$140 million less the one percent government-wide rescission included in the Department of Defense Appropriations Act, 2006 (P.L. 109-148)). The Act also authorized the Corporation to transfer additional amounts from subtitle C program funds to the National Service Trust if "necessary to support the activities of national service participants." The Corporation transferred \$16.3 million to the Trust under this provision in FY 2006. Under the 2005 Consolidated Appropriations Act (Public Law 108-447) the Trust received \$142.8 million (\$144 million less \$1.2 million Trust portion of the rescission to NCSA pursuant to the Act). 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 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 (NSSC) includes the *Foster Grandparent Program (FGP)*; *Senior Companion Program (SCP)*; and the *Retired and Senior Volunteer Program (RSVP)*. The NSSC 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 on separately in the table.

Learn and Serve America 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 included in the National Service Award expense component.

Other Program Costs

The National Service Award expense component 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 the National Service Award expense component. 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.

| COMPONENTS OF GRANT FUNDS EXPENDED FOR THE YEARS ENDED SEPTEMBER 30 | | | | |
|---|-----------|-----------------------|-----------|-----------------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | | | |
| | 2006 | | 2005 | |
| Domestic Volunteer Service Act Programs | \$ | 240,753 | \$ | 231,722 |
| National and Community Service Act Programs | | 308,007 | | 268,771 |
| Earmarked Grants | | | | |
| Congressionally Earmarked Grants | \$ | 8,344 | \$ | 11,485 |
| DVSA State Grants | | <u>1,160</u> | | <u>980</u> |
| Total Earmarked Grants | | 9,504 | | 12,465 |
| TOTAL GRANTS EXPENSE | \$ | <u>558,264</u> | \$ | <u>512,958</u> |

| COMPONENTS OF GRANT FUNDS EXPENDED FOR THE YEARS ENDED SEPTEMBER 30 | | | | |
|---|-----------|-----------------------|-----------|-----------------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | | | |
| | 2006 | | 2005 | |
| AmeriCorps | | | | |
| State, National, Tribes & Territories (State/National) | \$ | 399,882 | \$ | 343,905 |
| National Civilian Community Corps (NCCC) | | 37,162 | | 35,706 |
| Volunteers In Service To America (VISTA) | | <u>116,807</u> | | <u>114,635</u> |
| Subtotal | \$ | 553,576 | \$ | 494,246 |
| National Senior Service Corps | | | | |
| Retired and Senior Volunteer Program (RSVP) | | 65,480 | | 62,090 |
| Foster Grandparent Program (FGP) | | 119,773 | | 120,476 |
| Senior Companion Program (SCP) | \$ | <u>50,702</u> | \$ | <u>50,719</u> |
| Subtotal | | 235,955 | | 233,285 |
| Learn and Serve America | | 51,799 | | 54,695 |
| Total Earmarked Grants | | 9,504 | | 12,465 |
| Office of Inspector General (OIG) | | 7,778 | | 6,029 |
| TOTAL EXPENSES | \$ | <u>858,887</u> | \$ | <u>800,720</u> |

| Type | EXPENSES BY TYPE AND SUBPROGRAM FOR THE YEAR ENDED SEPTEMBER 30, 2006 | | | | | | | | | | | Total | | |
|--|---|------------------|-------------------------------|------------------|-------------------|------------------|------------------|-------------------------------|-----------------|-------------------|------------------|-------|-----|--|
| | (DOLLARS IN THOUSANDS) | | | | | | | | | | Earmarked Grants | | OIG | |
| | AMERI CORPS | | NATIONAL SENIOR SERVICE CORPS | | | AMERI CORPS | | NATIONAL SENIOR SERVICE CORPS | | | | | | |
| State and National | NCCC | VISTA | RSVP | FGP | SCP | Learn and Serve | Earmarked Grants | OIG | Total | | | | | |
| Grant and Related Expense | | | | | | | | | | | | | | |
| Grant funds expended | \$ 261,409 | \$ - | \$ 22,536 | \$ 60,159 | \$ 111,190 | \$ 46,868 | \$ 46,598 | \$ 9,504 | \$ - | \$ 558,264 | | | | |
| VISTA & NCCC stipends and benefits | - | 7,803 | 60,904 | - | - | - | - | - | - | 68,707 | | | | |
| Service award expense | 103,924 | 4,075 | 12,340 | - | - | (99) | - | - | - | 120,240 | | | | |
| TOTAL GRANT AND RELATED EXPENSE | 365,333 | 11,878 | 95,780 | 60,159 | 111,190 | 46,868 | 46,499 | 9,504 | - | 747,211 | | | | |
| Administrative Expense | | | | | | | | | | | | | | |
| Federal employees salaries and benefits | 21,581 | 10,781 | 7,605 | 3,261 | 6,019 | 2,544 | 3,718 | - | 3,011 | 58,520 | | | | |
| Travel and transportation | 988 | 4,003 | 4,319 | 170 | 287 | 123 | 146 | - | 127 | 10,173 | | | | |
| Rent, communications and utilities | 3,114 | 2,564 | 818 | 445 | 820 | 346 | 303 | - | 332 | 8,742 | | | | |
| Program analysis and evaluation | 771 | 695 | 698 | 223 | 407 | 172 | 521 | - | - | 3,487 | | | | |
| Printing and reproduction | 79 | 89 | 95 | 9 | 17 | 7 | 12 | - | 4 | 312 | | | | |
| Other services | 7,020 | 6,195 | 7,060 | 1,080 | 798 | 542 | 494 | - | 4,146 | 27,335 | | | | |
| Supplies and materials | 364 | 934 | 362 | 86 | 145 | 62 | 69 | - | 156 | 2,178 | | | | |
| Depreciation, amortization and loss on disposition of assets | 606 | 22 | 66 | 45 | 85 | 36 | 35 | - | 2 | 897 | | | | |
| Bad debt | 16 | 1 | 4 | 2 | 5 | 2 | 2 | - | - | 32 | | | | |
| TOTAL ADMINISTRATIVE EXPENSE | 34,882 | 25,284 | 21,027 | 5,321 | 8,583 | 3,834 | 5,300 | - | 7,778 | 111,676 | | | | |
| TOTAL EXPENSES BY TYPE | \$ 399,882 | \$ 37,162 | \$ 116,807 | \$ 65,480 | \$ 119,773 | \$ 50,702 | \$ 51,799 | \$ 9,504 | \$ 7,778 | \$ 858,887 | | | | |

| Type | EXPENSES BY TYPE AND SUBPROGRAM FOR THE YEAR ENDED SEPTEMBER 30, 2005 | | | | | | | | | | Total | |
|--|---|------------------|-------------------|------------------|-------------------|-------------------------------|------------------|------------------|-----------------|-------------------|-------|--|
| | AMERI CORPS | | | | | NATIONAL SENIOR SERVICE CORPS | | | | | | |
| | State and National | NCCC | VISTA | RSVP | FGP | SCP | Learn and Serve | Earmarked Grants | OIG | | | |
| Grant and Related Expense | | | | | | | | | | | | |
| Grant funds expended | \$ 222,812 | \$ - | \$ 19,024 | \$ 56,478 | \$ 109,985 | \$ 46,235 | \$ 45,959 | \$ 12,465 | \$ - | \$ 512,958 | | |
| VISTA & NCCC stipends and benefits | - | 7,353 | 61,066 | - | - | - | - | - | - | 68,419 | | |
| Service award expense | 94,021 | 5,160 | 10,822 | - | - | - | 3,500 | - | - | 113,503 | | |
| TOTAL GRANT AND RELATED EXPENSE | 316,833 | 12,513 | 90,912 | 56,478 | 109,985 | 46,235 | 49,459 | 12,465 | - | 694,880 | | |
| Administrative Expense | | | | | | | | | | | | |
| Federal employees salaries and benefits | 14,694 | 10,508 | 11,607 | 3,469 | 6,741 | 2,833 | 2,907 | - | 2,380 | 55,139 | | |
| Travel and transportation | 778 | 2,758 | 4,331 | 201 | 384 | 167 | 136 | - | 94 | 8,849 | | |
| Rent, communications and utilities | 1,558 | 1,440 | 538 | 255 | 495 | 207 | 185 | - | 19 | 4,697 | | |
| Program analysis and evaluation | 942 | 856 | 856 | 262 | 508 | 214 | 642 | - | - | 4,280 | | |
| Printing and reproduction | 122 | 115 | 31 | 13 | 25 | 12 | 10 | - | 2 | 330 | | |
| Other services | 8,290 | 6,796 | 6,015 | 1,271 | 2,064 | 935 | 1,227 | - | 3,506 | 30,104 | | |
| Supplies and materials | 266 | 710 | 246 | 70 | 134 | 56 | 73 | - | 28 | 1,583 | | |
| Depreciation, amortization and loss on disposition of assets | 198 | 5 | 46 | 33 | 66 | 28 | 26 | - | - | 402 | | |
| Bad debt | 224 | 5 | 53 | 38 | 74 | 32 | 30 | - | - | 456 | | |
| TOTAL ADMINISTRATIVE EXPENSE | 27,072 | 23,193 | 23,723 | 5,612 | 10,491 | 4,484 | 5,236 | - | 6,029 | 105,840 | | |
| TOTAL EXPENSES BY TYPE | \$ 343,905 | \$ 35,706 | \$ 114,635 | \$ 62,090 | \$ 120,476 | \$ 50,719 | \$ 54,695 | \$ 12,465 | \$ 6,029 | \$ 800,720 | | |

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 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, 2006 and 2005, 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> | | |
| | 2006 | 2005 |
| Estimated education awards | \$ 117,899 | \$ 106,922 |
| Estimated interest forbearance | 2,440 | 3,081 |
| President's Freedom Scholarship Program | (99) | 3,500 |
| NATIONAL SERVICE AWARD EXPENSE | \$ 120,240 | \$ 113,503 |

NOTE 13—INCREASE/(DECREASE) IN UNEXPENDED APPROPRIATIONS, NET

| INCREASE/(DECREASE) IN UNEXPENDED APPROPRIATIONS, NET AS OF SEPTEMBER 30 | | |
|---|-----------------|------------------|
| <i>(DOLLARS IN THOUSANDS)</i> | | |
| | 2006 | 2005 |
| Increases: | | |
| Appropriations Received | \$ 919,049 | \$ 934,482 |
| Decreases: | | |
| Appropriated Capital Used, Net of Trust Fund | (731,807) | (678,753) |
| Appropriations Transferred to Trust Fund | (154,868) | (142,848) |
| Rescinded Appropriations | (9,090) | (7,475) |
| Canceled Appropriations | (15,551) | (30,062) |
| Total Decreases | (911,316) | (859,138) |
| INCREASE/(DECREASE) IN UNEXPENDED APPROPRIATIONS, NET | \$ 7,733 | \$ 75,344 |

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.

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APPENDICES

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DONATIONS AND CONTRIBUTIONS

Under the Corporation’s authorizing legislation, donated funding may be accepted and used for the purpose of expanding and improving national service (42 U.S.C. 12651g (a) (2) (A)). The law allows the Corporation to “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 legislation also requires that the Corporation report to the Congress on the nature and the 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 report fulfills these requirements for FY 2006.

The Corporation also utilizes Pay.gov, a Treasury program that allows Federal agencies to conduct transactions online. Under the Pay.gov program, the Corporation collects donations by credit card or direct debit from donors. Pay.gov facilitates the process of collecting gift funds from donors online through a secure website with real-time identification verification and provides the reporting necessary for processing transactions.

The following schedules show the receipts and expenses paid from the Gift Fund in FY 2006 and 2005, respectively as well as the balances available to fund authorized activities.

Table 18. Supplemental information on the source and use of donationsⁱ

| CORPORATE DONATIONS | USE OF FUNDS | FY 2006 | | FY 2005 | |
|------------------------------|---|------------------|------------------|------------------|------------------|
| | | RECEIPT | EXPENSE | RECEIPT | EXPENSE |
| A&E Television Networks | Support for summit on History, Civics and Service | \$- | \$74 | \$- | \$- |
| Best Buy | Grants for the MLK, Jr. Day of Service | - | 38,337 | - | 16,347 |
| Bradley Foundation | Activities in Gulf Region | - | 736 | - | - |
| CVS | White House Counsel on Aging Conference | 7,500 | - | 25,000 | 25,000 |
| Home Depot | Disaster rebuilding activities | - | 229,686 | 400,000 | 306,558 |
| Land ‘O Lakes | NCCC Graduation | - | 27,594 | - | - |
| Ralph Lauren Polo Foundation | Support for NCCC program activities | 59,500 | - | - | - |
| State Farm Insurance Co. | Learn & Serve America 15th anniversary conference | - | 79,115 | 80,000 | - |
| UPS Foundation | Support for USA FreedomCorps web site and national nonprofit volunteerism study | - | - | - | 38,590 |
| Walt Disney Company | Corporation projects in support of USA FreedomCorps | - | - | - | 19,445 |
| Small Individual Donations | Restricted to | | | | |
| | Disaster Relief | 35,319 | (9,942) | 60,104 | 1,099 |
| | Senior Corps | 26,050 | 25,000 | 719 | - |
| | AmeriCorps (General) | 680 | 7,658 | 14,943 | 22,663 |
| | AmeriCorps*NCCC | 6,890 | 1,020 | 5,295 | 10,245 |
| | Learn & Serve America | 145 | - | 23 | - |
| | AmeriCorps* Vista | 115 | | | |
| | Miscellaneous Restricted Funds | 12,000 | 20,965 | | |
| Small Individual Donations | Unrestricted | 3,890 | 664 | - | 6,385 |
| TOTAL | | \$152,089 | \$420,907 | \$586,084 | \$446,332 |

i. 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.

Table 19. Status of gift fund balance at September 30, 2006

| | FUND BALANCE WITH TREASURY | OBLIGATIONS AND COMMITMENTS | FUNDS AVAILABLE |
|----------------------------|-------------------------------|--------------------------------|------------------|
| A&E Television Networks | \$6,083 | \$(74) | \$6,009 |
| Best Buy | 37,808 | (28,650) | 9,157 |
| Bradley Foundation | 14,776 | (3,955) | 10,821 |
| CVS | 7,500 | - | 7,500 |
| Home Depot | 390,719 | (389,619) | 1,100 |
| Kellogg Foundation | 581 | - | 581 |
| Land 'O Lakes | 9,198 | (1,103) | 8,095 |
| Polo Ralph Lauren | 59,500 | - | 59,500 |
| State Farm Insurance Co. | 52,959 | (52,073) | 885 |
| UPS Foundation | 63,082 | - | 63,082 |
| Walt Disney Company | 192 | - | 192 |
| Small Individual Donations | 102,748 | (68,060) | 34,688 |
| TOTAL | \$ 745,146 | \$(543,534) | \$201,610 |

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THE NATIONAL SERVICE TRUST

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

- » Repay qualified student loans.
- » Pay educational expenses at a qualified institution of higher education.
- » 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 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 20 reports the planned activity for Program Year 2006 and actual enrollments to date. The plan is based on the Corporation’s enacted funding level for fiscal 2006. The table also includes similar data on Program Year 2005 for comparative purposes. Member positions (slots) classified as “Certified Not Awarded” have been approved by the Corporation’s Chief Executive Officer for award to grantees but for which the final grant award has not been executed. For budgetary purposes these positions are considered commitments in the Trust Fund.

Table 20. Member position award activity

| AMERICORPS PROGRAM | MEMBER POSITION AWARD ACTIVITY | | | | | | | | | |
|--------------------|--------------------------------|---------------|-----------------------|-----------------------|---------------------------|-------------------|--------------|-----------------------|-----------------------|----------------------------|
| | PROGRAM YEAR 2006 | | | | | PROGRAM YEAR 2005 | | | | |
| | AWARDED | | CERTIFIED NOT AWARDED | PLANNED NOT CERTIFIED | TOTAL | AWARDED | | CERTIFIED NOT AWARDED | PLANNED NOT CERTIFIED | TOTAL |
| ENROLLED | NOT ENROLLED | ENROLLED | | | | NOT ENROLLED | | | | |
| State and National | 14,785 | 52,046 | 3,934 | - | 70,765 | 55,678 | 9,958 | - | - | 65,636 |
| VISTA | 4,742 | - | 1,135 | - | 5,877 | 4,386 | - | - | - | 4,386 |
| NCCC | 1,126 | - | 65 | - | 1,191 | 1,147 | - | - | - | 1,147 |
| TOTAL | 20,653 | 52,046 | 5,134 | - | 77,833ⁱ | 61,211 | 9,958 | - | - | 71,169ⁱⁱ |

i. The original plan provided for 71,500 Trust positions based on the fiscal 2006 appropriation level. The additional positions were funded using fiscal 2005 carry over, unused child care, and reallocated formula funds. Approximately 4,300 of these positions were used for formula and competitive grants to five states impacted by hurricanes Katrina, Rita, and Wilma, and other disaster programs (Note some of these disaster assistance were awarded to cover a three year period, recognizing the long term nature of the disaster recover efforts. The remaining positions were used to supplement formula and competitive grants and for 500 VISTA summer associate positions. An additional 2,057 non-education award positions are projected in the 2006 VISTA program which do not affect the Trust and therefore are not included in the numbers above.

ii. Includes 1,011 positions for PY 2005 AmeriCorps Disaster Augmentation grants awarded to on-going projects (disaster augmentation enrollments are not separately reported). The availability of funds for these augmentation grants was announced in September 2005. An additional 2,090 non-education award positions are projected in the 2005 VISTA program which do not affect the Trust and therefore are not included in the table. PY 2005 planned enrollments have been reduced for member positions that were certified but not awarded.

TRUST ACCOUNTING

Tables 21 and 22 present information on the assets, liabilities, revenue and expenses of the Trust Fund. The Schedule of Financial Position and Schedule of Operations present information using Generally Accepted Accounting Principles (GAAP), which is the method of accounting for the liability used for financial statement purposes.

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

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

Because certain accrual information used to prepare the Schedule of Financial Position and the Schedule of Operations is only available on a quarterly basis, the monthly report presents information for the most recently completed quarter.

Table 23 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 27, at the end of this report.

Table 21. National Service Trust—Schedule of financial position as of September 30, 2006

| NATIONAL SERVICE TRUST SCHEDULE OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2006 <i>(dollars in thousands)</i> | |
|--|----------------|
| Assets | |
| Fund Balance with Treasury | 13,590 |
| Trust Investments | 443,602 |
| Trust Interest Receivable | 4,727 |
| Accounts receivable (net of allowance) | 4 |
| Total Assets | 461,923 |
| Liabilities | |
| Trust Service Award Liability | 266,943 |
| Net Position | |
| Cumulative Results of Operations | 194,980 |
| TOTAL LIABILITIES AND NET POSITION | 461,923 |

Table 22. National Service Trust—Schedule of operations and changes in net position for the fiscal year ended September 30, 2006

| NATIONAL SERVICE TRUST SCHEDULE OF OPERATIONS AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006 <i>(dollars in thousands)</i> | |
|---|-------------------|
| Revenues | |
| Appropriations | \$ 138,600 |
| Transfer in of Program Funds | 16,268 |
| Interest | 15,428 |
| Total Revenues | <u>\$ 170,296</u> |
| Expenses | |
| AmeriCorps Program | (120,339) |
| Service Learning Program | \$ 99 |
| Write off of Trust Receivables | (26) |
| Total Expenses | <u>(120,266)</u> |
| Excess of Revenue over Expenses | <u>50,030</u> |
| Net Position | |
| Excess of Revenue over Expenses | 50,030 |
| Net Position, Beginning of Year | 144,950 |
| Net Position, End of Year | <u>\$ 194,980</u> |

Table 23. Factors affecting the National Service Trust

| FACTOR | PROGRAM YEAR ⁱ | | | | |
|---|---------------------------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Member enrollments in the Trust | 48,407 | 41,024 | 62,516 | 61,211 | 20,653 |
| Percent of members earning an education award ⁱⁱ | 78.2% | 80.7% | 81.0% | 80.7% | 81.3% |
| Percent of earned education awards used ⁱⁱⁱ | 64.6% | 56.0% | 47.1% | 11.5% | 7.1% |
| Investment Earnings ^{iv} | 5% | 4% | 3% | 3% | 3% |
| Breakout of enrollment by term type:^v | | | | | |
| Full-time | 58% | 45% | 47% | 46% | 73% |
| Part-time | 20% | 23% | 17% | 17% | 7% |
| Reduced Part-time | 22% | 32% | 36% | 37% | 20% |

i. Program Year refers to positions awarded through, although not necessarily filled in, a particular fiscal year's grant funds. For example, a grantee may receive a grant in fiscal year 2004 but not fill all positions until fiscal 2005. All positions related to this grant would be considered Program Year 2004 positions irrespective of the year filled. [This definition applies to all positions except for the approximately 20,000 Program Year 2002 positions unfilled at the time of the pause. These "post pause" positions were reclassified as Program Year 2003 positions.] Program Year data reflects all enrollments recorded through September 30, 2006. Prior year enrollment numbers may change slightly due to corrections or late reporting by grantees. In addition, in May 2005 a one time adjustment was made to correct the assigned program year for NCCC members. While the correction had no effect on total enrollment, the number of NCCC members reported for a given program year may have increased or decreased.

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

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

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

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

Tables 24 and 25 present information on the resources and obligations of the Trust, including the Trust Reserve. The Schedule of Obligations and Schedule of Budgetary Resources presents information on a budgetary basis, which represents the accounting used to determine adherence to Anti-Deficiency Act requirements. Beginning with the September 2006 report the Corporation is also reporting on commitments in the Trust.

Enacted in fiscal 2003, the Strengthen AmeriCorps Program Act directed that the Corporation record Trust obligations at the time of grant award (or at the time of an enforceable agreement with NCCC and VISTA members) for AmeriCorps State/National and at the time of an estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rate and the time value of money. For fiscal 2007 the Corporation is using the following assumptions to calculate Trust obligations: full value of the education award, 100 percent enrollment rate, 81 percent earning rate, and 81 percent usage rate. The earning and usage rate have been increased by one percent to reflect recent trends in these factors as shown in Table 23.

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 years 2002 and prior, the Corporation used the actual amounts earned, adjusted for amounts used and the time value of money when establishing the obligation amount.

Table 24. National Service Trust—Schedule of Trust obligations as of September 30, 2006

| National Service Trust | | |
|--|------------|------------------|
| Schedule of Trust Obligations as of September 30, 2006 | | |
| <i>(dollars in thousands)</i> | | |
| Resources | | |
| Trust Cash and Investments (net of receivables not available for obligation) | \$ 454,431 | |
| Trust Reserve (not available for obligation) | (39,767) | |
| Total Resources | | \$ 414,664 |
| Unliquidated Obligations | | |
| President's Freedom Scholarships | (1,913) | |
| Education Awards | (360,220) | |
| Interest Forbearance | (18,691) | |
| Total Unliquidated Obligations | | (380,824) |
| Commitments | | |
| Education Awards | (8,017) | |
| Interest Forbearance | \$ (433) | |
| TOTAL COMMITMENTS | | (8,450) |
| FUNDS AVAILABLE FOR OBLIGATION | | \$ 25,390 |

Table 25. National Service Trust—Schedule of budgetary resources as of September 30, 2006

| NATIONAL SERVICE TRUST | |
|--|------------------|
| SCHEDULE OF BUDGETARY RESOURCES AS OF SEPTEMBER 30, 2006 | |
| <i>(dollars in thousands)</i> | |
| Funds Available for Award, 10/1/2005 | \$ 5,390 |
| Budgetary Resources | |
| Fiscal 2006 Trust Appropriation | \$ 138,600 |
| Deobligation of 2005 President's Freedom Scholarships | 2,012 |
| Deobligation of Expired Member Positions | 11,773 |
| Transfer in of Program Funds | 16,268 |
| 2006 Trust Reserve | (6,930) |
| Total Budgetary Resources | 161,723 |
| 2006 Obligations | |
| Education Awards | (124,634) |
| Interest Forbearance | (6,726) |
| 2006 President's Freedom Scholarships | (1,913) |
| Total 2006 Obligations | (133,273) |
| Commitments | |
| Education Awards | (8,017) |
| Interest Forbearance | \$ (433) |
| TOTAL COMMITMENTS | (8,450) |
| FUNDS AVAILABLE FOR AWARD AT 9/30/2006 | \$ 25,390 |

REFILLED POSITIONS

In FY 2005 the Corporation implemented a limited policy allowing grantees to refill positions in certain circumstances beginning with positions awarded for Program Year 2004. Table 26 provides information on the number of positions refilled under the policy as of September 30, 2006.

Table 26. Number of refilled positions

| | NUMBER OF REFILLED POSITIONS | | | |
|--|------------------------------|----------------------|----------------------|----------------------|
| | RESULTS TO DATE | | | |
| | PROGRAM YEAR 2004 | PROGRAM YEAR 2005 | PROGRAM YEAR 2006 | FAIL-SAFE TRIGGER |
| Number of Refilled Positions | 243 | 555 | 11 | N/A |
| Refills as a Percent of State & National Positions | 0.36% | 0.83% | 0.02% | 5% |
| State & National Enrollment as a Percentage of Planned Positions | 84.24% | 84.83% | 20.89% | 97% |

ENROLLMENT ACTIVITY

Table 27 presents the cumulative activity for enrollments, earnings, and usage in the Trust by Program Year from inception through September 30, 2006.

Table 27. Trust enrollment activity—Program years 1994 through 2006

| TRUST ENROLLMENT ACTIVITY—PROGRAM YEARS 1994 THROUGH 2006 | | | | | | | |
|---|-------------------|------------------|---------------------------------------|-----------------|----------------|------------------------|----------------------|
| PROGRAM YEAR | TYPE | MEMBERS ENROLLED | MEMBERS STILL EARNING (OR NOT EXITED) | EARNED AN AWARD | DID NOT EARN | AMOUNT EARNED | AMOUNT USED |
| 1994 | Full Time | 15,331 | 0 | 11,463 | 3,868 | 48,266,389 | 35,285,451 |
| | Part Time | 6,264 | 0 | 4,172 | 2,092 | 8,988,028 | 6,690,692 |
| | Reduced Part Time | 2,815 | 0 | 2,433 | 382 | 2,468,981 | 1,750,957 |
| | TOTAL | 24,410 | 0 | 18,068 | 6,342 | \$59,723,398 | \$43,727,100 |
| 1995 | Full Time | 17,551 | 0 | 13,563 | 3,988 | 61,095,281 | 46,142,891 |
| | Part Time | 6,850 | 0 | 4,361 | 2,489 | 9,548,665 | 6,944,596 |
| | Reduced Part Time | 577 | 0 | 493 | 84 | 481,482 | 349,741 |
| | TOTAL | 24,978 | 0 | 18,417 | 6,561 | \$71,125,428 | \$53,437,228 |
| 1996 | Full Time | 17,634 | 0 | 13,320 | 4,314 | 60,767,426 | 47,369,392 |
| | Part Time | 6,942 | 0 | 4,467 | 2,475 | 10,085,198 | 7,151,478 |
| | Reduced Part Time | 593 | 0 | 505 | 88 | 499,515 | 394,180 |
| | TOTAL | 25,169 | 0 | 18,292 | 6,877 | \$71,352,139 | \$54,915,050 |
| 1997 | Full Time | 23,261 | 0 | 17,295 | 5,966 | 79,323,579 | 62,109,829 |
| | Part Time | 12,832 | 0 | 7,083 | 5,749 | 15,939,869 | 11,601,247 |
| | Reduced Part Time | 3,677 | 0 | 2,975 | 702 | 2,904,131 | 2,310,125 |
| | TOTAL | 39,770 | 0 | 27,353 | 12,417 | \$98,167,579 | \$76,021,201 |
| 1998 | Full Time | 24,750 | 0 | 17,903 | 6,847 | 82,264,572 | 63,919,397 |
| | Part Time | 11,156 | 0 | 6,208 | 4,948 | 14,031,027 | 9,991,048 |
| | Reduced Part Time | 5,101 | 0 | 3,829 | 1,272 | 3,799,775 | 2,992,124 |
| | TOTAL | 41,007 | 0 | 27,940 | 13,067 | \$100,095,374 | \$76,902,569 |
| 1999 | Full Time | 23,292 | 0 | 17,012 | 6,280 | 78,305,496 | 58,520,628 |
| | Part Time | 11,333 | 0 | 6,915 | 4,418 | 15,636,042 | 10,574,120 |
| | Reduced Part Time | 7,260 | 0 | 5,862 | 1,398 | 6,095,874 | 4,705,557 |
| | TOTAL | 41,885 | 0 | 29,789 | 12,096 | \$100,037,412 | \$73,800,305 |
| 2000 | Full Time | 26,204 | 58 | 19,079 | 7,067 | 87,938,669 | 62,945,144 |
| | Part Time | 13,218 | 103 | 8,462 | 4,653 | 19,399,190 | 12,418,080 |
| | Reduced Part Time | 13,619 | 121 | 10,267 | 3,231 | 10,640,920 | 8,061,247 |
| | TOTAL | 53,041 | 282 | 37,808 | 14,951 | \$117,978,779 | \$83,424,471 |
| 2001 | Full Time | 29,458 | 104 | 22,590 | 6,764 | 104,394,878 | 70,451,960 |
| | Part Time | 13,890 | 187 | 8,906 | 4,797 | 20,164,126 | 12,157,194 |
| | Reduced Part Time | 15,828 | 60 | 12,463 | 3,305 | 12,960,159 | 9,177,248 |
| | TOTAL | 59,176 | 351 | 43,959 | 14,866 | \$137,519,163 | \$91,786,402 |
| 2002 | Full Time | 28,138 | 71 | 23,140 | 4,927 | 107,716,369 | 70,006,933 |
| | Part Time | 9,428 | 54 | 6,481 | 2,893 | 14,828,220 | 8,641,953 |
| | Reduced Part Time | 10,841 | 45 | 8,116 | 2,680 | 9,298,604 | 6,463,496 |
| | TOTAL | 48,407 | 170 | 37,737 | 10,500 | \$131,843,193 | \$85,112,382 |
| 2003 | Full Time | 18,321 | 84 | 15,226 | 3,011 | 70,026,257 | 39,079,781 |
| | Part Time | 9,424 | 151 | 7,033 | 2,240 | 16,235,734 | 8,262,653 |
| | Reduced Part Time | 13,279 | 95 | 10,571 | 2,613 | 12,065,836 | 7,702,696 |
| | TOTAL | 41,024 | 330 | 32,830 | 7,864 | \$98,327,827 | \$55,045,130 |
| 2004 | Full Time | 29,009 | 232 | 24,210 | 4,567 | 112,620,292 | 53,201,280 |
| | Part Time | 10,826 | 1,071 | 7,094 | 2,661 | 16,335,405 | 6,262,027 |
| | Reduced Part Time | 22,681 | 784 | 17,599 | 4,298 | 20,350,176 | 10,934,209 |
| | TOTAL | 62,516 | 2,087 | 48,903 | 11,526 | \$149,305,873 | \$70,397,516 |
| 2005 | Full Time | 27,956 | 5,960 | 17,842 | 4,154 | 82,739,921 | 8,414,839 |
| | Part Time | 10,627 | 4,606 | 4,261 | 1,760 | 9,738,740 | 926,941 |
| | Reduced Part Time | 22,628 | 6,716 | 13,343 | 2,569 | 14,872,645 | 2,962,956 |
| | TOTAL | 61,211 | 17,282 | 35,446 | 8,483 | \$107,351,306 | \$12,304,736 |
| 2006 | Full Time | 14,995 | 13,811 | 696 | 488 | 3,122,151 | 303,150 |
| | Part Time | 1,435 | 1,423 | 1 | 11 | 1,226 | 0 |
| | Reduced Part Time | 4,223 | 2,437 | 1,727 | 59 | 1,819,720 | 47,265 |
| | TOTAL | 20,653 | 17,671 | 2,424 | 558 | \$4,943,097 | \$350,415 |
| TOTAL, 1994 – 2006 | | 543,247 | 38,173 | 378,966 | 126,108 | \$1,247,770,569 | \$777,224,505 |

CEO CERTIFICATION

As discussed above, 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 2006. Based on the Corporation's analysis and the results of OIG's audit, the Corporation certifies that it complied with the Act for fiscal 2006.

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FUNDS DEVOTED TO THE STRATEGIC
INITIATIVES IN FY 2006

Table 28. Funds devoted to strategic initiatives, 2006 (dollars in millions)*

| | ESTIMATED CORPORATION FUNDING FOR FY 2006 | PROGRAMS | PROGRAM ADMINISTRATION** | TOTAL |
|--|--|-----------------|-----------------------------|-----------------|
| Mobilizing More Volunteers | AmeriCorps*State and National | 264.8 | 21.1 | 285.9 |
| | AmeriCorps*VISTA | 24 | 1.9 | 25.9 |
| | AmeriCorps*NCCC | 6.3 | 0.5 | 6.8 |
| | Senior Corps RSVP | 4 | 0.3 | 4.3 |
| | MLK Day of Service | 0.5 | 0.04 | 0.5 |
| | President's Council/Volunteer Service Awards | 0.3 | 0.02 | 0.3 |
| | President's Freedom Scholarships | 4.4 | 0.4 | 4.8 |
| | Partnership Grants—Points of Light Foundation | 9.9 | 0.8 | 10.7 |
| | Training and Technical Assistance | 0.7 | 0.1 | 0.8 |
| | Research and Policy Development | 1 | 0.1 | 1.1 |
| | TOTAL FUNDING | \$315.90 | \$25.20 | \$341.10 |
| Ensuring a Brighter Future for All of America's Youth | AmeriCorps*State & National | 182.0 | 14.5 | 196.5 |
| | AmeriCorps*VISTA | 13.6 | 1.1 | 14.7 |
| | AmeriCorps*NCCC | 5.7 | 0.5 | 6.2 |
| | Senior Corps RSVP | 1.5 | 0.1 | 1.6 |
| | Senior Corps FGP | 111.4 | 8.9 | 120.3 |
| | Learn and Serve America | 8.0 | 0.6 | 8.6 |
| | MLK Day of Service | 0.6 | 0.0 | 0.6 |
| | TOTAL FUNDING | \$322.80 | \$25.80 | \$348.55 |
| Engaging Students in Communities | AmeriCorps*State and National | 38.0 | 3.0 | 41.0 |
| | AmeriCorps*VISTA | 13.0 | 1.0 | 14.0 |
| | AmeriCorps*NCCC | 0.4 | 0.03 | 0.4 |
| | Senior Corps RSVP | 0.3 | 0.02 | 0.3 |
| | Learn and Serve America | 37.1 | 2.9 | 40.0 |
| | Innovation, Demonstration and Assistance | 0.7 | 0.02 | 0.7 |
| | TOTAL FUNDING | \$89.50 | \$7.10 | \$96.57 |
| Harnessing Baby Boomers' Experience | AmeriCorps*State/National VISTA | 33.00 | 2.6 | 35.6 |
| | Senior Corps RSVP | 27.30 | 2.2 | 29.5 |
| | Senior Corps FGP | 3.80 | 0.3 | 4.1 |
| | Senior Corps SCP | 3.00 | 0.2 | 3.2 |
| | Senior Corps SCP | 7.00 | 0.6 | 7.6 |
| | Training and Technical Assistance | 0.10 | 0.01 | 0.1 |
| | Innovation, Demonstration and Assistance | 1.30 | 0.1 | 1.4 |
| | Research and Policy Development | 1.30 | 0.1 | 1.4 |
| TOTAL FUNDING | \$76.80 | \$6.10 | \$82.90 | |

*Some funds support and are identified with more one initiative.

**Total Program administration costs for each strategic initiative by fiscal year are estimated by determining the percentage of total program funding used to support each strategic initiative for that fiscal year. This percentage is then multiplied by total program support funding by fiscal year. Program administration costs for each specific program line is determined as a pro-ration of each program line divided by total program costs.

GLOSSARY

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| ACSI | American Consumer Satisfaction Index; produced by the Stephen M. Ross Business School at the University of Michigan, the ACSI measures trends in customer satisfaction. Scores are reported on a scale of 0 to 100, and are based on econometric data obtained through customer interviews. The Corporation score is a weighted average of program scores according to appropriations that fiscal year. The ACSI was adopted in 1999 as the “gold standard” measure for Federal agencies. |
| AGA | Association of Government Accountants |
| America’s Promise | America’s Promise is a collaborative network that works to build the character of children and youth through providing five promises – caring adults in their lives, safe places to learn and grow, a healthy start, an effective education and opportunities to contribute to their communities. Each year, the Corporation awards America’s Promise a grant, assists with administrative issues and provides training and technical support. |
| AmeriCorps*NCCC | AmeriCorps*National Civilian Community Corps |
| AmeriCorps*VISTA | AmeriCorps*Volunteers in Service to America |
| Anti-deficiency Act | The Anti-deficiency Act is the basic Federal fiscal law preventing the over expenditure of funds in excess of those appropriated by Congress or permitted by regulations. It also forbids obligating funds prior to their official appropriation, and requires that the head of each Federal agency implement administrative controls to enforce these laws. |
| attrition rates | Attrition rate measures a reduction in number of employees and program members as percentages. The percent of employees or members who leave the program or agency between the start and end of the year. Employee percentage is affected by retirements, resignations and deaths, among other factors. |
| Baby Boomer | A person born in the generation after WWII, between 1946–1964. |
| BPR | Business Process Review |
| CDT | continued development training |
| CEAR | Certificate of Excellence in Accountability Reporting; the Association of Government Accountant’s (AGA) Certificate of Excellence in Accountability Reporting© Program has been helping Federal agencies produce high-quality Performance and Accountability Reports since 1997. The program was established in conjunction with the Chief Financial Officers Council and the U.S. Office of Management and Budget to improve financial and program accountability by streamlining reporting and improving the effectiveness of such reports. |
| CERT | Community Emergency Response Training |

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| children and youth from disadvantaged circumstances | Young people up to age 24, who, because of certain characteristics, circumstances, experiences or insufficiencies, encounter financial, legal, social, educational, emotional and/or health problems and may have significant difficulties growing into adults who are responsible citizens, productive workers, involved members of communities, and good parents. These children and youth may: be economically disadvantaged; live in a single-parent household; have a parent who is incarcerated; have been adjudicated; be in foster care; be idle (e.g., unemployed, not attending school); suffer from physical or mental disability; have English language limitations; or experience other significant impediments to becoming a responsible adult |
| CNCS | Corporation for National and Community Service (the Corporation) |
| competitive sourcing | In the summer of 2001, OMB introduced the President's Management Agenda (PMA), a part of which called upon agencies to use competition as a viable management practice to determine the best and most cost-effective provider of commercial activities currently performed by their employees. Since then, agencies have made important progress in implementing the practice of competitive sourcing as a resource management tool for improving mission performance and decreasing costs for taxpayers. |
| constituents | A broad term for the many people affected by the Corporation's programs, including volunteers, clients, grantees and sub-grantees, among others. |
| cooperative agreement | An assistance agreement by which the Corporation transfers resources to a grantee or state for the accomplishment of an authorized activity, most often used to provide training and technical assistance. |
| CPS | Current Population Survey; conducted annually by the Census Bureau |
| CRM | Customer Relations Management |
| data warehouse | The Corporation is currently developing a platform on which data from a variety of sources, including grantees, financial data, performance data and service data will be readily available to managers. This data warehouse will enable better monitoring and analysis of management issues. |
| Diversity Specialist | The Diversity Specialist is responsible for initiatives that uphold the Corporation's goals by promoting and helping to sustain diversity in both its Federal and civilian workforce. |
| DVSA | Domestic Volunteer Service Act; One of the two Corporation authority statutes (the other being NCSA) |
| EAS | Employee Appraisal System |
| efficiency measure (or proxy) | Measure of productivity, or the cost per unit of outcome or output. For the Corporation, these measures may include cost per member, volunteer, participant service year and service hour, combined with measures of program outcomes such as improved academic performance |
| eGrants | Corporation's grants management system |

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| FBCI | Faith-Based and Community Initiative; the Corporation's faith-based and community initiative aligns with the President's call to "rally America's armies of compassion" to provide community services. By devoting resources to, working with and providing equal opportunities for local, faith-based and other community organizations, the Corporation helps to energize civil society and increase social capital. Specific projects under the FBCI umbrella include the formation of a cross-Corporation task force; removal of barriers to participation at the Federal, state and local levels; and outreach and training to better prepare faith-based and community organizations to compete for grants. |
| Federal Audit Clearinghouse | The Federal Audit Clearinghouse operates on behalf of the Office of Management and Budget (OMB) and its primary purposes are: <ul style="list-style-type: none"> -To disseminate audit information to Federal agencies and the public; -To support OMB oversight and assessment of Federal award audit requirements; -To assist Federal cognizant and oversight agencies in obtaining OMB Circular A-133 data and reporting packages; and -To help auditors and auditees minimize the reporting burden of complying with Circular A-133 audit requirements. |
| FGP | Foster Grandparent Program; FGP, one of three Senior Corps programs, connects volunteers age 60 and over with children and young people with exceptional needs |
| FISMA | Federal Information Security Management Act; Title III of the E-Government Act, which requires that all Federal agencies provide security for the information and information systems that support the operations and assets of the agency, including those managed by other agencies or contractors. |
| FMFIA | Federal Managers' Financial Integrity Act |
| FSR | Financial Status Report |
| FY | fiscal year; October 1 through September 30 |
| GARP | Grants Application Review Process |
| GMlob | Grants Management Line of Business |
| Government-wide financial indicators | Nine financial measures or metrics developed by the CFO's Council for use government-wide |
| GPRA | Government Performance and Results Act; the Act seeks to shift the focus of government decision-making and accountability away from a preoccupation with the activities that are undertaken—such as grants dispensed or inspections made—to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality. Under the Act, agencies are to develop multiyear strategic plans, annual performance plans, and annual performance reports. |
| grant | The Corporation provides monetary aid to states, organizations, educational institutions and others to assist them in their service-based objectives. |
| grantee | An organization that has been awarded financial assistance under one of the Corporation's grant-making programs. |

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| Grants.gov initiative | As part of the President's Management Agenda, this initiative created Grants.gov, a centralized, online, grants management system where potential grantees can find, and apply for, over 900 grants programs offered by the 26 Federal grant-making agencies. |
| Human Capital Survey | The Federal Human Capital Survey is a tool that measures employees' perceptions of whether and to what extent conditions that characterize successful organizations are present in their agencies. This groundbreaking survey was administered for the first time in 2002 and sets a baseline for ongoing Human Capital assessment in the Federal government. |
| improper payments | Improper payments occur when Federal funds go to the wrong recipient, the recipient receives the wrong amount of funds, or the recipient uses the funds improperly. |
| Improper Payments Information Act | The Improper Payments Information Act of 2002 contains requirements in the areas of improper payment identification and reporting. It requires agency heads to annually review all programs and activities, identify those that may be susceptible to significant improper payments, estimate annual improper payments in the susceptible programs and activities, and report the results of their improper payment activities. The legislation also requires OMB to prescribe guidance for Federal agency use in implementing the act. OMB issued the guidance in May 2003. |
| Information Technology Plan | The Information Technology Plan guides the use of electronic government, aligning information technology investments with the Corporation's strategic plan. |
| IT | information technology |
| LASSIE | Learn and Serve Survey Information Exchange |
| leveraged community volunteer | A participant in Corporation-sponsored service recruited and/or managed by Corporation program members or participants |
| logic model | Visual, systematic representations of relationships between the Corporation's goals, activities, and resource requirements. Logic models provide the backbone for the development of the Corporation's budget proposals. |
| LSA | Learn and Serve America |
| management dashboard | A selection of the most critical operational, output and outcome measures that assess key aspects of the Corporation's performance. |
| management metrics | Measures that reflect the Corporation's administrative performance. |
| MAS | Managerial Appraisal System |
| material weakness | A condition in which the Corporation's internal management or financial controls do not adequately lower the risk that material errors or fraud may occur; used in audit opinions |
| member | A stipended participant in one of the Corporation's AmeriCorps programs. |
| member slot | Process of tracking and monitoring the award and filling member positions through the Corporation's grant-making programs. |

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| mission critical | Those characteristics and behaviors of the Corporation, or its employees, which are essential to achieving the agency's goals. |
| MLK, Jr. Day | Martin Luther King, Jr. Day of Service |
| Momentum | Corporation's core financial management system |
| MSY | Member Service Year; similar to full-time equivalent (FTE), but reflects the program's service year, not the calendar or fiscal year; for AmeriCorps, a MSY equals 1,700 hours of service. |
| NAEP | National Assessment of Educational Progress; sponsored by the Department of Education |
| NAPA | National Academy of Public Administration |
| national service | Service to local communities throughout the country provided through Corporation programs |
| National Service Trust | The National Service Trust (the Trust) was established by the National and Community Service Trust Act of 1993 (42 USC12601, et seq.) to provide funds for education awards for eligible participants who complete AmeriCorps service. |
| NCCC | National Civilian Community Corps; an AmeriCorps program |
| NCSA | National and Community Service Act; one of the two Corporation authority statutes (the other being DVSA) |
| Next Generation Grants | Grants that foster the expansion of national service by providing seed money to help organizations plan and implement new service programs. |
| NOFA | Notice of Funds Availability; the public notification that grants are available, subject to the terms and process to apply for and implement a grant described in the notification. |
| Office of Civil Rights and Inclusiveness | The department responsible for dealing with diversity, civil rights and discrimination issues within the Corporation. |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| on-site compliance visit | A method by which the Corporation monitors its programs; on-site compliance visits help determine whether activities are following the requirements stipulated in the grant award, including programmatic and financial requirements. |
| outcome-based metrics | Measure of the ultimate impact of the Corporation's programs on the end-beneficiaries |
| output measures | Metrics that directly assess the work that the Corporation carries out, ensuring accountability. |
| OPM | Office of Personnel Management |

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| PART | Program Assessment Rating Tool; the Office of Management and Budget (OMB) developed the PART as a means of assessing program performance so that the Federal government can achieve better results. By identifying strengths and weaknesses, a PART review provides information useful to making funding and management decisions. PART looks at a consistent series of analytical questions, considering all factors that affect and reflect program performance, including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. |
| PART simulation | The Corporation internally simulates the PART review to help identify weaknesses, evaluate operations and prepare for a potential future PART by OMB. |
| participant | An individual who participates directly in the Corporation's program activity, including Learn and Serve America and the Senior Corps programs, but does not include community volunteers recruited or managed by Corporation members and participants. |
| penetration testing | Security testing that targets the vulnerability of the Corporation's electronic network in order to determine that its operational systems are secure, as required by the President's Management Agenda. |
| performance baseline | The data in a set, base year for the Corporation's performance measures, against which future outcomes can be compared. |
| Presidential Freedom Scholarship | Presidential Freedom Scholarship; the Presidential Freedom Scholarships promote student service and civic engagement. These scholarships, funded in part by the Corporation, a Federal agency, recognize high school students for outstanding leadership in service to their community and neighbors. |
| PMA | President's Management Agenda; the PMA aims to encourage accountability for performance and results throughout Federal agencies. Developed in the summer of 2001, it identifies five areas in which the government needs improvement: human capital management, improved financial performance, competitive sourcing, expanded use of electronic government, and the integration of performance and budget information. Each Federal organization is given two separate green, yellow or red ratings, one reflecting the agency's status (i.e., does it meet all standards for success?) and the other, its progress (i.e., how effective it is in implementing its plans for improvement). |
| POA&M | Plan of Action and Milestones |
| POLF | Points of Light Foundation; the POLF is an organization devoted to helping Americans meet their community needs through volunteering. Each year, the Corporation provides a grant to POLF to assist in leveraging volunteers, building the capacity of local groups, developing leaders in their communities and raising public awareness. In addition to this money, the Corporation also provides service participants to POLF through AmeriCorps, Learn and Serve America and Senior Corps. |
| PPVA | Project Profile of Volunteer Activity; A national data collection and management system that compiles data from local project evaluations to assess activities, volunteer profiles and clients served. The PPVA survey is used in Congressional appropriations hearings, as well as for other information requests and agency management decisions. |

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| President’s Management Council | Composed of departmental and agency chief operating officers, a group organized to help Federal agencies achieve the President’s Management Agenda. |
| Privacy Act assessment | Corporation assessments to ensure that new, or newly reformed, financial systems comply with the Privacy Act and do not compromise the integrity of any material containing personal information. |
| program | One of the Corporation’s established systems of projects and services, including AmeriCorps, Learn and Serve America and the Senior Corps. |
| program end-beneficiaries | The specific demographic or organizational group that the Corporation’s programs aim to benefit. |
| project | A set of systematic activities and services that the Corporation carries out to achieve its goals. |
| PSO | Pre-service Orientation |
| PY | program year |
| reportable condition | Significant discrepancies in the Corporation’s administration that are brought to attention during an audit, so as to prevent inaccuracies in recording, processing and reporting financial data. |
| RPD | Research and Policy Development; the department within the Corporation that is responsible for evaluation and other functions |
| RSVP | One of three Senior Corps programs that offers “one stop shopping” for volunteers 55 and over who want to find challenging, rewarding, and significant service opportunities in their local communities |
| rulemaking | The process by which a Federal agency creates and updates the formal regulations that will govern the implementation of its programs; rulemaking generally offers an opportunity to address significant policy issues and provide continuity for program operations. The rulemaking process involves proposing rules, receiving public comment, and the publishing of final rules. |
| SCP | Senior Companion Program; SCP is one of three Senior Corps programs that brings together volunteers age 60 and over with adults in their community who have difficulty with the simple tasks of day-to-day living |
| SEA | State Education Agency |
| service-learning | Service-learning is an educational method by which schools and communities coordinate to allow students to engage in service activities and help to meet local needs while benefitting their education. Learn and Serve America provides grants to state education agencies, nonprofit organizations, and higher education institutions for this purpose, facilitating service learning and encouraging civic engagement. |
| SES | Senior Executive Service |

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| SMS | Salary Management System; the Corporation's Office of Budget recently implemented a system to help manage payroll costs. The system can run multiple scenarios on both on-board strength and vacant positions, and provides a detailed breakout of all payroll costs, helping to determine actual benefits costs. The Corporation used the SMS to determine payroll projections for FY 2006 and FY 2007. |
| state service commissions | Governor-appointed public agencies or private nonprofit organizations that serve at a state level and sub-grant Federal funds to local sources to support service and volunteerism. |
| State Administrative Standards Reviews | Corporation monitoring and assessment of the operations of the public agencies and nonprofit organizations to which it provides grants. |
| Strategic Human Capital Plan | A workforce management strategy developed through discussions with employees, managers and agency officials; it encourages a results-driven performance culture, open communications, fact-based decision-making, diversity and an alignment of performance with Corporation goals. |
| Strengthen AmeriCorps Program Act | Signed in July, 2003 by the President, the Strengthen AmeriCorps Program Act established new accounting guidelines for education awards in the National Service Trust. |
| subgrantees | An organization that has been awarded financial assistance by a state service commission national grantee or other grantee; the state level organization first receives a grant from the Federal government, and then redistributes the funds out to subgrantees. |
| target | A performance measure goal set for a specific year based on prior year data and anticipated activities, to be compared against actual performance. |
| site visit | A method by which the Corporation monitors and assesses its programs. |
| Truman Foundation | The Truman Foundation awards a scholarship to college juniors who exhibit a strong commitment towards work in government, non-profit and advocacy groups or education, and strive to make a difference within their own communities, |
| TTA | Training and Technical Assistance |
| U.S. CFO Council | Organization of the chief financial officers and deputy chief financial officers of the largest Federal agencies, senior officials of the Office of Management and Budget and the Department of the Treasury who work collaboratively to oversee financial management in the government. |
| VISTA | See AmeriCorps*VISTA |
| VPN | Virtual Private Network; a data network that utilizes the shared public infrastructure, yet still maintains privacy through tunneling protocol and security procedures. VPN is generally more cost-effective than exclusive, private lines. |
| VSU | Volunteer Service Year; as applied to the Senior Corps FGP and SCP programs |

WBRS

Web-based Reporting System; an electronic grant, project, and member tracking and management system that the Corporation is currently working to convert into its electronic government platform.

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Report Preparation

This report was prepared by the Office of the Chief Financial Officer (Tyndall Traversa and Jill Marshall) with the document design and editing support of MacroSys Research and Technology (Kalle Medhurst and Katie Ferguson) and input from the Office of Management and Budget (Jeremy Moon). The Corporation's Deputy Chief Financial Officer, William Anderson, and his staff prepared the financial statements and related materials. Many others within the Corporation contributed their time and expertise in providing data, drafts, other information, and comments. Their responsiveness and support was critical to the preparation of this report.

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Angela Roberts
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Gretchen Van der Veer

How wonderful it is that nobody need wait a single moment before starting to improve the world.

Anne Frank

I am only one; but still I am one. I cannot do everything, but I still can do something. I will not refuse to do the something I can do.

Helen Keller

The noblest question in the world is, What good can I do in it?

Benjamin Franklin

You must be the change you wish to see in the world.

Mahatma Gandhi

**Your world.
Your chance to make it better.**

Find out how...

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