

NATIONAL SERVICE TRUST FUND

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

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

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

Table 1 reports the planned activity for the current Program Year and actual enrollments to date against the plan. The plan is based on the Corporation's enacted funding level for the fiscal year. Table 1 also includes similar data for the prior Program Year 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 1. Member Position Award Activity

| Member Position Award Activity | | | | | | | | | | |
|--------------------------------|-------------------|---------------|-----------------------|-----------------------|--------------------|-------------------|--------------|-----------------------|-----------------------|--------------------|
| AmeriCorps Program | Program Year 2008 | | | | | Program Year 2007 | | | | |
| | Awarded | | Certified Not Awarded | Planned Not Certified | Total ¹ | Awarded | | Certified Not Awarded | Planned Not Certified | Total ² |
| | Enrolled | Not Enrolled | | | | Enrolled | Not Enrolled | | | |
| <i>State & National</i> | 17,291 | 48,787 | 144 | – | 66,222 | 59,834 | 7,001 | – | – | 66,835 |
| <i>VISTA</i> | 4,586 | – | 418 | – | 5,004 | 5,146 | 8 | – | – | 5,154 |
| <i>NCCC</i> | 1,104 | – | 3 | – | 1,107 | 1,057 | – | – | – | 1,057 |
| Total | 22,981 | 48,787 | 565 | – | 72,333 | 66,037 | 7,009 | – | – | 73,046 |

¹ PY 2008 total does not include an estimated 1,726 AmeriCorps VISTA members who will elect an end-of-service stipend instead of an education award. Total planned enrollment for the year is 74,059.

² PY 2007 total does not include 2,126 AmeriCorps VISTA members who elected an end-of-service stipend instead of an education award. Planned slots for the year were adjusted to reflect changes grantees made to term types (e.g. convert full time to part time, etc.).

Table 2. Schedule of Financial Position

| National Service Trust Fund | |
|--|-------------------|
| Schedule of Financial Position as of September 30, 2008 | |
| <i>(dollars in thousands)</i> | |
| Assets | |
| Fund Balance with Treasury | \$ 227 |
| Trust Investments | 479,634 |
| Trust Interest Receivable | 4,246 |
| Accounts receivable (net of allowance) | 31 |
| Total Assets | \$ 484,138 |
| Liabilities | |
| Service Award Liability | \$ 303,367 |
| Net Position | |
| Cumulative Results of Operations | 180,771 |
| Total Liabilities and Net Position | \$ 484,138 |

Table 3. Schedule of Operations and Changes in Net Position

| National Service Trust Fund | |
|---|-------------------|
| Schedule of Operations and Changes in Net Position | |
| For the Fiscal Year Ended September 30, 2008 | |
| <i>(dollars in thousands)</i> | |
| Revenue | |
| Appropriations | \$ 122,539 |
| Transfer in of program funds | 16,246 |
| Interest | 17,804 |
| Total Revenue | 156,589 |
| Expenses | |
| AmeriCorps Program | (160,790) |
| Service Learning Program | - |
| (Write-off)/recovery of receivables | 23 |
| Total Expenses | (160,767) |
| Excess of revenue over expenses | \$ (4,178) |
| Net Position | |
| Excess of revenue over expenses | \$ (4,178) |
| Net Position, beginning of year | 184,949 |
| Net Position, end of period | \$ 180,771 |

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

GAAP requires the recording of a liability, which is a point in time estimate, for the unpaid earned and expected-to-be-earned education award and interest forbearance costs that 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.

Certain accruals used to prepare the Schedule of Financial Position (Table 2) and the Schedule of Operations and Changes in Net Position (Table 3) are only available on a quarterly basis.

Table 4. Factors affecting the National Service Trust

| | Program Year ¹ | | | | |
|--|---------------------------|--------|--------|--------|--------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Member enrollments in the Trust | 62,668 | 62,805 | 68,310 | 66,037 | 22,981 |
| Percent of members earning an education award ² | 79.8% | 78.6% | 79.9% | 83.1% | 68.0% |
| Percent of earned education awards used ³ | 68.1% | 60.1% | 48.6% | 26.1% | 18.1% |
| Investment Earnings ⁴ | 3% | 3% | 3% | 2.5% | 2.4% |
| Breakout of enrollment by term type: ⁵ | | | | | |
| Full-time | 46% | 45% | 44% | 46% | 76% |
| Part-time | 17% | 18% | 17% | 15% | 9% |
| Reduced Part-time | 37% | 37% | 39% | 39% | 15% |

¹ Program Year refers to positions awarded with, although not necessarily filled in, a particular fiscal year's grant funds. For example, a grantee may receive a grant in fiscal year 2007 but not fill all positions until fiscal 2008. All positions related to this grant would be considered Program Year 2007 positions irrespective of the year filled. Program Year data reflects all enrollments recorded through the month of the report. Prior year enrollment numbers may change slightly due to corrections or late reporting by grantees.

² 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.

³ 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.

⁴ Weighted Average Maturity for the Trust investment portfolio of Treasury securities. Used to discount awards for the time value of money.

⁵ Term type is based on Program Year enrollments to date. It is important because education award projections are based on service type.

Table 5. Schedule of Trust Obligations

| National Service Trust Fund | |
|--|------------------|
| Schedule of Trust Obligations as of September 30, 2008 | |
| <i>(dollars in thousands)</i> | |
| Resources | |
| Trust Cash and Investments (net of receivables not available for obligation) | \$ 475,346 |
| Trust Reserve (not available for obligation) | (46,697) |
| Total Resources | <u>428,649</u> |
| Unliquidated Obligations | |
| Presidential Freedom Scholarships | (772) |
| Education Awards | (402,261) |
| Interest Forbearance | (16,167) |
| Total Unliquidated Obligations | <u>(419,200)</u> |
| Commitments | |
| Education Awards | (570) |
| Interest Forbearance | (31) |
| Total Commitments | <u>(601)</u> |
| Funds Available for Obligation | <u>\$ 8,848</u> |

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

Tables 5 and 6 present information on the budgetary 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 the Anti-Deficiency Act.

Enacted in fiscal 2003, the Strengthen AmeriCorps Program Act directed that the Corporation record Trust obligations at the time it awards AmeriCorps State & National grants or at the time it enters into an enforceable agreement with AmeriCorps VISTA and NCCC members.

Table 6. Schedule of Budgetary Resources

| National Service Trust | |
|---|------------------|
| Schedule of Budgetary Resources as of September 30, 2008 | |
| <i>(dollars in thousands)</i> | |
| Budgetary Resources | |
| Funds Available for Award, October 1 2008 Trust Appropriation | \$ 6,727 |
| Deobligation of Expired Member Positions | 122,539 |
| Transfers in of Program Funds | 1,399 |
| Total Budgetary Resources | <u>16,246</u> |
| Total Budgetary Resources | 146,911 |
| Obligations | |
| Education Awards | (133,804) |
| Interest Forbearance | (5,677) |
| Presidential Freedom Scholarships* | (0) |
| Total Obligations | <u>(139,481)</u> |
| Total Obligations | (139,481) |
| Net Change in Commitments | |
| Education Awards | 1,346 |
| Interest Forbearance | 72 |
| Net Change in Commitments | <u>1,418</u> |
| Net Change in Commitments | 1,418 |
| Funds Available for Award | <u>\$ 8,848</u> |

The amount of the obligations are based on the estimated value of the education benefits, discounted for the estimated enrollment, earning and usage rate and the time value of money. For fiscal 2008, the Corporation is using the following assumptions to calculate Trust obligations: the full value of the Segal AmeriCorps Education Award, a 100 percent enrollment rate, an average earning rate of 80 percent (ranges from 75 to 85 percent depending on term type), and a usage rate of 81.7 percent.

As directed by the Act, the Corporation also established a Trust reserve, currently totaling \$46.697 million, which 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.

Refilled Positions

In fiscal 2005, the Corporation implemented a limited policy allowing grantees to refill positions vacated before a member served more than 15 percent of his/her service term for Program Year 2004 and

*The Corporation no longer awards a \$500 scholarship from the National Service Trust for high school students earning the Presidential Freedom Scholarships. Through fiscal 2006, this scholarship was matched with \$500 from a local sponsor for a total of \$1,000 to help the student fund a college education. While the program has been discontinued, students have up to seven years to use the scholarship and some payments will continue to be made over the next several years.

Table 7. Number of Refilled Positions

| | Results to Date | | | | | Fail-safe Trigger |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Program Year 2004 | Program Year 2005 | Program Year 2006 | Program Year 2007 | Program Year 2008 | |
| Number of Refilled Positions | 243 | 583 | 1,029 | 1,376 | 31 | N/A |
| Refills as a Percent of Awarded State & National Positions | 0.36% | 0.89% | 1.54% | 2.06% | 0.00% | 5% |
| State & National Enrollment as a Percentage of Awarded State & National Positions | 85.41% | 87.25% | 93.24% | 89.52% | 26.17% | 97% |

forward. In May 2007, this policy was expanded to include positions vacated within 30 percent of service term completion provided that the departing member had not earned a pro-rated education award. To prevent over-enrollment, the policy includes "fail safe" triggers that restrict the overall number of refills to no more than five percent of awarded positions and suspends refilling altogether if total AmeriCorps enrollment reaches 97 percent of awarded posi-

tions. Table 7 provides information on the number of positions refilled to date.

Enrollment Activity

Table 8 presents the cumulative activity to date on the number of Trust enrollments as well as education award amounts earned and used for Program Years 1994 through 2008.

Trust Enrollment Activity – Program Years 1994 through 2008

| Program Year | Type | Members | | Earned an Award | Did Not Earn | Amount Earned | Amount Used |
|-----------------------------------|-------------------|----------------|-------------------------------|-----------------|----------------|---------------------------|---------------------------|
| | | Enrolled | Members Earning or Not Exited | | | | |
| 1994 | Full Time | 15,331 | 0 | 11,463 | 3,868 | \$48,266,389.19 | \$35,306,022.08 |
| | Part Time | 6,264 | 0 | 4,172 | 2,092 | \$8,988,028.17 | \$6,694,416.79 |
| | Reduced Part Time | 2,815 | 0 | 2,433 | 382 | \$2,468,981.29 | \$1,751,542.00 |
| | Total | 24,410 | 0 | 18,068 | 6,342 | \$59,723,398.65 | \$43,751,980.87 |
| 1995 | Full Time | 17,551 | 0 | 13,563 | 3,988 | \$61,095,280.87 | \$46,177,549.92 |
| | Part Time | 6,850 | 0 | 4,361 | 2,489 | \$9,548,664.63 | \$6,944,709.87 |
| | Reduced Part Time | 577 | 0 | 493 | 84 | \$481,481.98 | \$349,740.58 |
| | Total | 24,978 | 0 | 18,417 | 6,561 | \$71,125,427.48 | \$53,472,000.37 |
| 1996 | Full Time | 17,634 | 0 | 13,320 | 4,314 | \$60,767,425.91 | \$47,442,704.40 |
| | Part Time | 6,942 | 0 | 4,467 | 2,475 | \$10,085,197.90 | \$7,156,496.66 |
| | Reduced Part Time | 593 | 0 | 505 | 88 | \$499,514.66 | \$394,179.93 |
| | Total | 25,169 | 0 | 18,292 | 6,877 | \$71,352,138.47 | \$54,993,380.99 |
| 1997 | Full Time | 23,259 | 0 | 17,294 | 5,965 | \$79,318,854.34 | \$62,468,883.83 |
| | Part Time | 12,832 | 0 | 7,083 | 5,749 | \$15,939,868.60 | \$11,697,214.70 |
| | Reduced Part Time | 3,677 | 0 | 2,975 | 702 | \$2,904,130.87 | \$2,315,198.17 |
| | Total | 39,768 | 0 | 27,352 | 12,416 | \$98,162,853.81 | \$76,481,296.70 |
| 1998 | Full Time | 24,749 | 0 | 17,903 | 6,846 | \$82,264,571.93 | \$65,231,193.06 |
| | Part Time | 11,156 | 0 | 6,208 | 4,948 | \$14,031,027.14 | \$10,214,273.59 |
| | Reduced Part Time | 5,101 | 0 | 3,829 | 1,272 | \$3,799,775.12 | \$3,002,711.80 |
| | Total | 41,006 | 0 | 27,940 | 13,066 | \$100,095,374.19 | \$78,448,178.45 |
| 1999 | Full Time | 23,294 | 0 | 17,016 | 6,278 | \$78,324,396.27 | \$61,947,759.60 |
| | Part Time | 11,333 | 1 | 6,915 | 4,417 | \$15,636,042.42 | \$11,177,454.28 |
| | Reduced Part Time | 7,260 | 0 | 5,862 | 1,398 | \$6,095,874.28 | \$4,839,716.77 |
| | Total | 41,887 | 1 | 29,793 | 12,093 | \$100,056,312.97 | \$77,964,930.65 |
| 2000 | Full Time | 26,203 | 3 | 19,082 | 7,118 | \$87,921,306.62 | \$68,674,158.25 |
| | Part Time | 13,213 | 0 | 8,453 | 4,760 | \$19,404,182.70 | \$13,470,267.13 |
| | Reduced Part Time | 13,619 | 5 | 10,272 | 3,342 | \$10,645,579.77 | \$8,471,808.90 |
| | Total | 53,035 | 8 | 37,807 | 15,220 | \$117,971,069.09 | \$90,616,234.28 |
| 2001 | Full Time | 29,454 | 0 | 22,598 | 6,856 | \$104,399,822.45 | \$78,252,898.62 |
| | Part Time | 13,834 | 1 | 8,884 | 4,949 | \$20,165,005.40 | \$13,158,008.90 |
| | Reduced Part Time | 15,827 | 3 | 12,470 | 3,354 | \$12,967,902.89 | \$9,634,828.68 |
| | Total | 59,115 | 4 | 43,952 | 15,159 | \$137,532,730.74 | \$101,045,736.20 |
| 2002 | Full Time | 28,139 | 0 | 23,171 | 4,968 | \$107,725,948.73 | \$80,249,185.83 |
| | Part Time | 9,427 | 1 | 6,477 | 2,949 | \$14,859,278.64 | \$9,550,433.98 |
| | Reduced Part Time | 10,842 | 0 | 8,118 | 2,724 | \$9,300,854.33 | \$6,885,855.20 |
| | Total | 48,408 | 1 | 37,766 | 10,641 | \$131,886,081.70 | \$96,685,475.01 |
| 2003 | Full Time | 18,318 | 8 | 15,235 | 3,075 | \$70,062,442.59 | \$48,616,425.22 |
| | Part Time | 9,423 | 17 | 7,048 | 2,358 | \$16,257,965.05 | \$10,129,070.69 |
| | Reduced Part Time | 13,273 | 0 | 10,589 | 2,684 | \$12,083,786.39 | \$8,573,761.83 |
| | Total | 41,014 | 25 | 32,872 | 8,117 | \$98,404,194.03 | \$67,319,257.74 |
| 2004 | Full Time | 29,057 | 1 | 24,386 | 4,670 | \$113,259,859.95 | \$78,439,112.36 |
| | Part Time | 10,834 | 4 | 7,612 | 3,218 | \$17,509,901.12 | \$10,332,196.59 |
| | Reduced Part Time | 22,777 | 3 | 17,986 | 4,788 | \$20,756,459.55 | \$14,375,215.60 |
| | Total | 62,668 | 8 | 49,984 | 12,676 | \$151,526,220.62 | \$103,146,524.55 |
| 2005 | Full Time | 28,315 | 177 | 23,035 | 5,103 | \$106,884,016.45 | \$64,872,594.65 |
| | Part Time | 11,132 | 310 | 7,756 | 3,066 | \$17,847,221.48 | \$9,565,288.38 |
| | Reduced Part Time | 23,358 | 212 | 18,032 | 5,114 | \$20,273,908.73 | \$12,709,164.18 |
| | Total | 62,805 | 699 | 48,823 | 13,283 | \$145,005,146.66 | \$87,147,047.21 |
| 2006 | Full Time | 29,923 | 1,019 | 24,114 | 4,790 | \$112,091,594.04 | \$54,060,854.41 |
| | Part Time | 11,416 | 1,384 | 7,380 | 2,652 | \$17,038,592.51 | \$7,253,521.09 |
| | Reduced Part Time | 26,971 | 1,179 | 20,220 | 5,572 | \$22,917,188.61 | \$12,606,665.28 |
| | Total | 68,310 | 3,582 | 51,714 | 13,014 | \$152,047,375.16 | \$73,921,040.78 |
| 2007 | Full Time | 30,634 | 5,633 | 21,280 | 3,721 | \$99,137,365.93 | \$26,048,156.64 |
| | Part Time | 9,681 | 4,334 | 3,816 | 1,531 | \$8,745,046.34 | \$1,419,598.28 |
| | Reduced Part Time | 25,722 | 7,214 | 15,496 | 3,012 | \$17,435,450.11 | \$5,276,413.22 |
| | Total | 66,037 | 17,181 | 40,592 | 8,264 | \$125,317,862.38 | \$32,744,168.14 |
| 2008 | Full Time | 17,422 | 16,443 | 493 | 486 | \$2,187,366.93 | \$358,832.74 |
| | Part Time | 2,113 | 2,091 | 4 | 18 | \$9,450.00 | \$0.00 |
| | Reduced Part Time | 3,446 | 2,790 | 629 | 27 | \$627,770.26 | \$152,087.50 |
| | Total | 22,981 | 21,324 | 1,126 | 531 | \$2,824,587.19 | \$510,920.24 |
| Program Years 1994 to 2008 | | 681,591 | 42,833 | 484,498 | 154,260 | \$1,563,030,773.14 | \$1,038,248,172.18 |

Chief Executive Officer Certification

The Strengthen AmeriCorps Program Act requires that the CEO of the Corporation annually certify that the Corporation is in compliance with the requirements of the Act and obtain an independent audit of the accounts and records demonstrating the manner in which the Corporation has recorded its Trust estimates. The Corporation Office of Inspector General contracted with Clifton Gunderson LLP, an independent accounting firm, to perform the audit required by the Act. Based on the Corporation's analysis and OIG audit results, the Corporation certifies that it complied with the Act for fiscal 2008.



David Eisner
Chief Executive Officer

William Anderson
Deputy Chief Financial Officer