

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 



Performance & Accountability Report

F I S C A L Y E A R 2 0 0 3



Corporation for National and Community Service 2003 Performance and Accountability Report

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Note: Employees of the Corporation for National and Community Service were wholly responsible for writing the 2003 Performance and Accountability Report; contractual employees assisted with formatting.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



David Eisner
Chief Executive Officer

It is my privilege to present to Congress this 2003 Performance and Accountability Report, which details the accomplishments of the Corporation for National and Community Service and its principal programs—Senior Corps, AmeriCorps, and Learn and Serve America—in meeting critical community needs during fiscal year 2003.

As many readers of this document are aware, fiscal year 2003 was a very difficult year for the Corporation, and particularly for its AmeriCorps program. Shortly after the fiscal year began, the Corporation was forced to stop enrollments in AmeriCorps after it determined that the number of positions already approved would cause a shortfall in the National Service Trust, the fund that provides education awards to AmeriCorps members upon completion of their term of service. In addition, disagreement over the correct way to account for education award obligations created a long period of financial uncertainty and confusion, leading to reviews of the Corporation's financial and operational management by the General Accounting Office, the Inspector General, and other entities.

Even with the difficulties of the past year, I'm pleased to report that the Corporation managed to maintain a solid record of achievement in meeting critical community needs in education, the environment, public safety, care for the elderly, homeland security, and other areas. This report on those achievements, along with the financial statements contained herein, fulfill most of the various reporting requirements of the agency.

I'm also pleased to report that the bulk of the financial and management problems that led to those difficulties have either been fully resolved or are well on their way to being resolved, thanks in part to the Strengthen AmeriCorps Program Act, which statutorily resolves questions over the appropriate way to account for obligations in the National Service Trust. Other factors contributing to the agency's steady turnaround include the appointment in October 2003 of a new Chief Financial Officer, who has put in place a number of new financial controls on the organization; the recent hiring of a new executive management team, including a new Chief Executive Officer, a new Chief Information Officer, and a new Chief Human Capital Officer; and the institution of a new set of strict procedures regarding the awarding of grants and the enrollment of members.

In addition, the Corporation in 2003 received its fourth consecutive "clean audit" from an independent accounting firm, indicating the agency's commitment to the highest levels of management and financial accountability. And we have instituted new performance measures for each of our grantee programs, which are required to devise goals for their programs and to report not only on their "outputs" and "intermediate outcomes," but also on their "long-term outcomes," in real and measurable ways.

Let me stress that significant additional work needs to be done. When I took over as CEO of the Corporation in December 2003, I articulated three principles to guide the way the agency will operate: 1) restore trust and credibility with all of our stakeholders; 2) manage to accountability; and 3) focus on the needs of our customers. In particular, the Corporation must do a better job of collecting, analyzing, and acting upon data sets relating to the performance of grantees and Corporation management. These metrics are important for governance and management purposes, for effective program development, and for reporting to Congress and the American public on the accomplishments of, and the challenges faced by, the Corporation. As this report details, the agency has been making steady progress in identifying and using these metrics—progress that will be accelerated in fiscal year 2004.

As you know, Congress recently approved a large increase in the budget of the Corporation, including a significant increase for AmeriCorps. However, Congress also saw fit to lower the amount it has appropriated for administrative support for those new activities, while exerting greater and greater pressures for accountability and performance by staff and grantees. To be sure, we must—and will—learn how to do more with less, at least for the immediate future. But to reach the standards that are being demanded of us, and of our grantees, we must have adequate funding for evaluation, for training and technical assistance, and for other so-called administrative costs.

Out of the struggles of fiscal year 2003, we have arrived at a better place. We believe this is a new day for service in America and for the programs of the Corporation for National and Community Service—and not just because Presidential, Congressional, local, and grassroots awareness of and support for the work we do is at its highest level in many years. We have heard Congress' concerns about our management weaknesses and are committed to achieving the highest levels of accountability and effectiveness.

Furthermore, we share with Congress the common goal of developing strong, high-quality national service programs, and we are committed to leveraging taxpayer funds to the greatest extent possible. As we proceed along that path, I urge those of you in Congress to let me know if we are falling short of your expectations, so that we can address your concerns as directly and immediately as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "David Eisner", written in a cursive style.

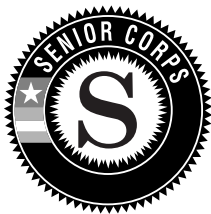
David Eisner
Chief Executive Officer

March 2004

WHO WE ARE

The Corporation for National and Community Service was established in 1993 to engage Americans of all ages and backgrounds in community-based service. The Corporation supports a range of national and community service programs, providing opportunities for individuals to serve full or part time or as part of a team. The Corporation works with governor-appointed State Commissions, nonprofit organizations, community-based organizations, schools, and other civic organizations to provide opportunities for all Americans to serve their communities.

The Corporation's three major service programs are Senior Corps, AmeriCorps, and Learn and Serve America.



Senior Corps. Through the Senior Corps, Americans age 55 and older share their time and talents to help solve local problems. Seniors serve as Foster Grandparents, who work one on one with young people with special needs; as Senior Companions, who help other seniors live independently in their homes; and as volunteers with RSVP, meeting a wide range of community needs.



AmeriCorps. AmeriCorps engages Americans of all ages and backgrounds in intensive, results-driven service. AmeriCorps*State and National and AmeriCorps*VISTA members serve with hundreds of local community-based organizations and national organizations like Habitat for Humanity, the American Red Cross, and Boys and Girls Clubs. AmeriCorps*NCCC members serve in teams to meet community needs in cooperation with nonprofit organizations and state and local agencies. After their terms of service, AmeriCorps members receive education awards that help finance college or pay back qualified student loans.



Learn and Serve America. Many schools are discovering the value of service-learning through projects that link education and service. Learn and Serve America supports programs in schools, colleges, and community-based organizations that engage youth and educators in service to meet community needs while improving academic, civic, and leadership skills. Learn and Serve America also promotes youth service through the Presidential Freedom Scholarships and the National Service-Learning Clearinghouse, the national source for service-learning information.

Together, these programs promote the ethic of service and help solve critical community problems in every state, many Indian tribes, and most U.S. territories. Each of these programs represents a public-private partnership and leverages resources by requiring recipient organizations to bring other private or public resources to the table in order to receive Corporation funding. As a result, hundreds of thousands of Americans are joining forces to address community needs in education, homeland security, housing, health care, environmental protection, and disaster relief.

MISSION

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

Board of Directors

Stephen Goldsmith, Chairman
Indianapolis, Indiana

Henry Lozano
Forest Falls, California

Cynthia J. Bursleson
Newport Coast, California

Marc Racicot
Washington, District of Columbia

Juanita Sims Doty
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Newton, Massachusetts

Carol Kinsley
Springfield, Massachusetts

Donna Williams
Fort Worth, Texas

Officers of the Corporation

David Eisner
Chief Executive Officer

Michelle Guillermin
*Chief Financial Officer and
Acting Chief Operating Officer*

J. Russell George
Inspector General



EXECUTIVE SUMMARY

In fiscal year 2003, the Corporation engaged children and youth in tutoring, mentoring, youth development, and school-based service activities including service-learning; strengthened disaster preparedness and relief efforts and public safety programs; addressed environmental problems in local communities and national parks; assisted seniors and low-income families in meeting basic human needs, including housing, food, and support services; and supported programs to develop the financial assets of low-income families as a way out of poverty. The Corporation's programs help to strengthen the capacity of small community and faith-based organizations that are closest to the communities in which service is delivered and seek to ensure that schools and other community institutions teach civic responsibility and instill democratic values. More importantly, the Corporation provides opportunities for millions of unpaid citizen volunteers to engage in meaningful service in support of the President's Call to Service.

The Corporation engages citizens in service by supporting the activities of hundreds of community-based organizations and national nonprofits such as Habitat for Humanity, the American Red Cross, Teach for America, the Boys and Girls Clubs of America, Big Brothers Big Sisters of America, YMCAs, City Year, and the Catholic Network of Volunteer Service. In addition, the Corporation works closely with a number of other national nonprofits, like America's Promise and the Points of Light Foundation, that work to strengthen national and community service. The Corporation receives support from the corporate sector at both national and local levels, and many businesses recognize the power of a strategic alignment with national and community service.



Corporation for
**NATIONAL &
 COMMUNITY
 SERVICE** 

STRATEGIC GOALS



Goal 1
 \$426 million
 (55 percent
 of CNCS
 budget)

Goal 2
 \$98 million
 (13 percent
 of CNCS
 budget)

Goal 3
 \$107 million
 (14 percent
 of CNCS
 budget)

Goal 4
 \$60 million
 (8 percent
 of CNCS
 budget)

Goal 5
 \$89 million
 (11 percent
 of CNCS
 budget)

- Goal 1:** Service will help solve the nation’s unmet education, public safety, environmental, and other human needs.
- Goal 2:** Communities will be made stronger through service.
- Goal 3:** The lives of those who serve will be improved through their service experience.
- Goal 4:** Service will become a common expectation and experience of Americans as an integral part of civic responsibility.
- Goal 5:** The Corporation will develop and maintain sound organizational systems and effective partnerships with the wider national service network.



Goal 1: Service will help solve the nation's unmet education, public safety, environmental, and other human needs.

Throughout American history, service has been the principal means by which citizens have sought to improve the human condition. Working through thousands of charitable organizations, religious groups, schools, and other local institutions, the Corporation supports volunteer work in four principal areas: engaging children and youth, securing the homeland, protecting the environment, and meeting other human needs.

Engaging Children and Youth

A significant percentage of programs supported by the Corporation provide tutoring, mentoring, and youth development activities for children and youth. In 2003, our programs provided tutoring and mentoring for more than 600,000 students in grades K-12 and school-readiness services to 200,000 students in Head Start programs; taught 200,000 students in grade K-12 classrooms; and engaged 1.8 million youth in school-based service activities, including service-learning. The Corporation's programs also provided parenting skills and development services to 40,000 parents and families, mentoring to 50,000 young offenders or ex-offenders, and hospital visits for 53,000 hospitalized children and 30,000 children recovering from medical operations.

Securing the Homeland

The Corporation supported numerous disaster preparedness and relief efforts and public safety programs in 2003. In partnership with the Department of Homeland Security, the Federal Emergency Management Agency (FEMA), and the USA Freedom Corps, the Corporation's efforts have expanded Citizen Emergency Response Teams, Volunteers in Police Service, and Volunteer Organizations Active in Disasters and increased the number of volunteers trained to respond to disasters, acts of terror, and public health emergencies in coordination with emergency management agencies.

Volunteers participated in disaster response, relief, recovery, and mitigation efforts throughout the country as a result of Hurricane Isabel on the mid-Atlantic coast; forest fires in Colorado, Wyoming, and Arizona; the Space Shuttle Columbia disaster; and floods and tornados in Texas, Kansas, Kentucky, Oklahoma, Missouri, and Tennessee.

Protecting the Environment

The Corporation supports programs that address critical environmental needs of local communities. In 2003, the Corporation's programs maintained and restored 5,000 miles of trails and park areas, 500 miles of rivers, river banks and beaches, and 225,000 acres of public lands; planted 210,000 trees in woodlands and parklands and 12,000 trees in urban areas; eliminated environmental risk in 492 buildings and 25,561 acres of land; recycled over 300,000 pounds of consumables; and removed 3.1 million pounds of trash from communities.

Meeting Other Human Needs

In an effort to help low-income families alleviate poverty, the Corporation has supported several programs designed to address basic human needs and develop assets for disadvantaged families. To address the needs of their communities, volunteers distributed 29.6 million pounds of food to help feed 1.5 million people; built or renovated 1,300 housing units and 700 community buildings; placed 24,000 homeless people in permanent or transitional housing; provided health care, diagnosis, and screening to 236,000 individuals; provided support to more than 68,000 frail adults and 20,000 caregivers of frail adults; and provided transportation services to more than 130,000 low-income individuals and seniors. In addition, the Corporation supported over 600 financial asset development projects for low-income families, with over 2,500 volunteers serving in areas such as home ownership, individual development accounts, microenterprise development, job training, and access to technology.

Goal 2: Communities will be made stronger through service.

One of the principal aims of national and community service is to enhance the capacities and competencies of America's voluntary organizations. Participants in Corporation-funded programs have a vital role to play not only in serving others but also in strengthening the organizations and communities in which participants serve. The Corporation is especially interested in strengthening the volunteer capacity of grassroots groups and small secular and faith-based community organizations that are closest to the communities in which service is delivered.

Supporting Small Faith-Based and Other Community Organizations

Small faith-based and other community organizations serve their communities by designing innovative and effective ways to reduce youth violence, nurture the spirit of entrepreneurship, combat drug addiction, and increase self-sufficiency among the poor. However, many of these groups are challenged due to lack of administrative support, few staff members, and scarce financial resources.

In 2003, the Corporation awarded over \$100 million to support faith-based and community initiatives. Faith-based and other community organizations supported by the Corporation include Catholic Charities, the Salvation Army, Lutheran Social Services and Interfaith Ministries, Jesuit Volunteer Corps, the Christian Appalachian Project, Lutheran Volunteer Corps, Holy Cross Associates, Habitat for Humanity, and the YMCA. Together, these programs have renovated emergency shelters and community buildings, built homes for low-income families, provided for basic human needs including food and clothing, and supported financial education and home ownership programs.

The Corporation's Faith-Based and Community Initiative is designed to strengthen the work of these faith-based and small community organizations to provide compassionate care and produce impressive results for their communities. As part of the President's Faith-Based and Community Initiative, the Corporation's programs are working to support faith-based and community-based organizations receiving Corporation funding and have provided training and technical assistance activities and workshops for faith-based and other community organizations.

Expanding National Service Into New Communities and Programs

In 2003, the Corporation engaged in a new effort designed to foster the next generation of national and community service organizations. The Next Generation Grants is a \$4 million grant competition to provide seed money to help nonprofit organizations plan and implement new service programs that have the potential to become national in scope. Per congressional mandate, organizations previously receiving a grant award from the Corporation were not eligible to apply.

As the Corporation's most competitive program, we are very excited about the level of interest in the Next Generation Grants. We are confident that the high degree of competitiveness will result in a highly qualified group of applicants receiving awards in 2004 to develop the next generation of national and community service programs.





Goal 3: The lives of those who serve will be improved through their service experience.

Service benefits not only those on the receiving end but also those who give of themselves. For the good of individuals and the nation at large, the Corporation is committed to programs that instill civic values and “habits of the heart.”

The Corporation is also committed to ensuring that service provides a gateway to educational and economic benefits that will put participants on the path to a meaningful and rewarding life. Service through Corporation programs gives added purpose and meaning to the lives of those who serve, while enhancing volunteering and career opportunities.

Personal Benefits of Service

The Corporation supports programs that empower individuals of all ages to contribute to their communities and enhance their lives by receiving personal benefits from their relationships with children and youth and friendships with other adults and seniors. By engaging in service activities to tutor and mentor youth, address environmental issues in their communities, and provide support and companionship to needy families and seniors, participants benefit from forming relationships with other Americans and from being connected to their communities.

Educational and Economic Benefits of Service

One important benefit of national service is the opportunity for participants to expand their educational and economic opportunities. After successfully completing a year of service, participants who are enrolled in the National Service Trust are eligible to receive an education

award. The education award can be used to pay education costs at qualified institutions of higher education or to repay qualified student loans. The award is currently \$4,725 for a year of full-time service, with lesser awards for part-time and reduced part-time service. In addition, full-time participants receive a modest living allowance of at least \$10,197. Low-income senior participants may receive up to \$2.65 an hour for their service, and other seniors receive only reimbursement for meals and transportation.

Participants also receive valuable training and skills to prepare them for careers in a variety of fields. Service participants engage in activities that provide opportunities to learn the skills needed to succeed in the workplace by working with technology and industry-specific labor to acquire experience relating to housing, education, and the environment. Participants also receive training that will benefit them in their lifetimes beyond the end of their terms of service, including skills in personnel management, financial management, CPR and first aid, diversity, and organizational development. The Corporation also assists participants in using their service experience as a stepping stone to an enriched educational or career experience.



Goal 4: Service will become a common expectation and experience of Americans as an integral part of civic responsibility.

The principal aims of the Corporation are to provide Americans with opportunities to engage in meaningful service and to enhance the capacities and competencies of America's voluntary organizations. In support of the President's Call to Service, which encourages Americans to dedicate two years (4,000 hours) over the course of their lifetimes to service, the Corporation has emphasized volunteer leveraging in our national and community service programs to make more volunteer opportunities available to the public.

Volunteers have a vital role to play not only in serving others, but also in strengthening the organizations and communities in which they serve. The Corporation's programs help to strengthen the volunteer capacity of grassroots groups and small community organizations that are closest to the communities in which service is delivered. Likewise, we seek to ensure that schools and other community institutions teach civic responsibility and instill democratic values.

Leveraging Volunteers and Dollars

One of the Corporation's goals is to leverage federal resources to engage unpaid citizen volunteers to assist nonprofit organizations in addressing community problems. In 2003, the Corporation leveraged millions of unpaid community volunteers to support local activities in their communities such as tutoring and mentoring, working with parents and families to enhance parenting skills, building and renovating homes for low-income residents and seniors, restoring our nation's national parks and rivers, and assisting programs in recruiting and coordinating additional volunteers to become engaged in meeting local needs in their communities. In addition to the assistance that volunteers provide to nonprofit organizations, volunteers also assisted programs in generating new financial resources and in using limited

resources to increase the level of service they provide to their customers.

Supporting Volunteers

In 2003, the Corporation supported several innovative programs to encourage volunteering, including opportunities for disabled citizens needing special accommodations to engage in service, school-based programs linking classroom studies with service in the community, college scholarships to students who have completed 100 or more hours of service and displayed leadership in service in their communities, and activities that help to build the ethic of service among Americans of all ages and backgrounds. In helping Americans respond to the President's Call to Service, the Corporation provides several different ways for volunteers to find service opportunities, from everyday methods such as the Ask a Friend Campaign, to more sophisticated web-based recruitment systems and online tools to assist nonprofit organizations in attracting, recruiting, and managing volunteers.

In addition, the President's Council on Service and Civic Participation, in partnership with businesses, nonprofit organizations, schools, and local community organizations, provides tools and resources to encourage more volunteering at the local level. The Council also recognizes volunteers for their sustained commitment to serving their communities through the President's Volunteer Service Award and volunteers who have served their communities for at least 4,000 hours over the course of their lifetime through the President's Call to Service Award.





Goal 5: The Corporation will develop and maintain sound organizational systems and effective partnerships with the wider national service network.

The Corporation focused considerable attention on management improvement in 2003 and made demonstrable progress toward restoring trust and credibility. At the same time, the Corporation continues to leverage community resources by partnering with organizations in the national service network.

Stronger Organizational Systems

In 2002, the Corporation approved more AmeriCorps members than could be supported by the National Service Trust, resulting in a \$63 million deficiency and a significant shortage of member slots for the 2003 grant cycle. In response to this and other management concerns, we have strengthened our executive team and implemented comprehensive management reforms over the awarding and obligation of member slots. The Office of the Inspector General and the General Accounting Office reviewed these reforms and their implementation and noted that the changes minimize the risk of an enrollment suspension in the future. Cross-functional staff-led teams are also coordinating efforts to improve the Corporation's grant making, financial management, human resource management, grantee oversight, data systems, and internal communication.

Performance-Based Budgeting

The Corporation's 2005 budget request to Congress aligns dollars to specific, cross-cutting agency goals and represents a significant step towards achieving fully performance-based budget justifications. In addition, all Corporation offices were asked to create outcome-based annual plans for 2004, which will contribute to greater accountability in Corporation spending.

Expanded Partnerships

The Corporation continued its support for national nonprofit organizations, including the Points of Light Foundation and America's

Promise—The Alliance for Youth. In 2003, the Points of Light Foundation Volunteer Centers matched nearly 2.4 million people with over 1 million volunteer opportunities. The Volunteer Center National Network partners with over 100,000 businesses, nonprofits, and other groups and provides training and technical assistance to over 60,000 local nonprofits. America's Promise supported 12 Communities of Promise as part of its five-year goal of helping 100 Communities of Promise and began developing States of Promise to create statewide infrastructures for developing and sustaining Communities of Promise.

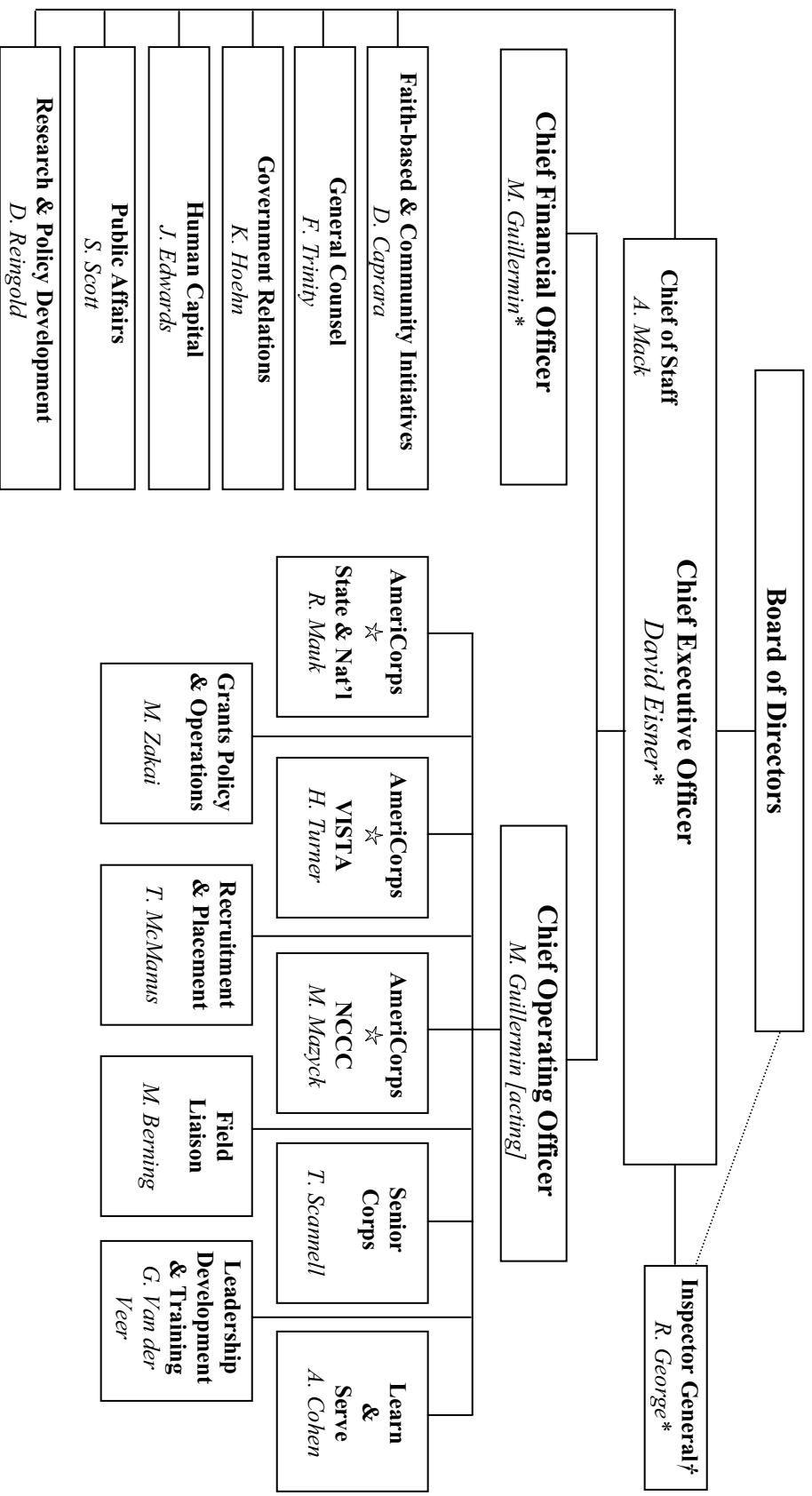
The Corporation is also working with the Points of Light Foundation and America's Promise to strengthen efforts to develop performance measures and to assess whether and how these national organizations are contributing to volunteering and to the achievement of America's youth.

Research and Evaluation

Since 2002, the Corporation has changed its research and evaluation philosophy from qualitative studies of implementation and effective practices to more rigorous impact studies. In 2003, the Corporation awarded three performance measurement contracts to improve outcome reporting for AmeriCorps, Senior Corps, and Learn and Serve America. In addition, we initiated several program evaluations and research studies to enhance our ability to evaluate and improve our programs as well as link performance and accountability to budget priorities.



ORGANIZATIONAL CHART
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE



* Presidential Appointments

† In accordance with the Inspector General Act, Section 3a



PRESIDENT'S MANAGEMENT AGENDA

In order to ensure accountability for performance and results, the Administration identified five government-wide areas to be targeted for improvement: the strategic management of human capital, improved financial performance, competitive sourcing, expanded use of electronic government, and the integration of budget and performance information. Standards for success in each area were defined by the President's Management Council and discussed with experts throughout government and academe, including individual fellows from the National Academy of Public Administration. A summary of the Corporation's actions in each of these issue areas follows.

Human Capital

The Corporation is fully committed to achieving significant actions in support of the President's Human Capital Management agenda. Two important studies of the Corporation's Alternative Personnel System were conducted by the U.S. Office of Personnel Management and the Corporation's Inspector General with consulting services provided by the management consulting firm Deloitte and Touche LLP. The two reports that were issued in 2003 provide in-depth information on current practices and make significant recommendations for improvement. The Corporation is reviewing these important recommendations and developing and implementing an action plan. One of the first steps has been the appointment of a highly qualified Acting Chief Human Capital Officer to lead this reform effort.

Among the planned early action items is development of a Human Capital Strategic Plan. A preliminary plan was issued in January 2004, based on discussions with major stakeholders—employees, managers, and Administration officials. The Corporation's goals are to:

- Craft a human capital strategy that aligns with and contributes directly to the Corporation's mission and strategic goals;
- Plan for and deploy the staff resources necessary to achieve those goals;
- Ensure Corporation leaders effectively manage people and cultivate a climate of continuous learning and organizational improvement;
- Leverage features of the Alternative Personnel System to attract, acquire, and retain talented, diverse employees;
- Promote a diverse, results-oriented, high-performing workforce, which differentiates between high and low performance and links individual/team/unit performance to organizational goals; and
- Ensure accountability to Administration goals, law and governing regulations, merit principles, the public interest, and the highest standards of ethics and integrity.

Building a performance culture is one of the central tenets of the Corporation's new management team. The Acting Chief Human Capital Officer is leading the effort to modernize the Corporation's current appraisal system to reinforce the link between the performance appraisal process and compensation actions. A new appraisal system for managers is scheduled for implementation by March 31, 2004 and for employees by September 30, 2004.

In 2003 the Corporation also established a Diversity Council to provide advice to management, and it will begin implementation of QuickHire, an automated system supporting recruitment and hiring processes, in early 2004.

Financial Management

In fiscal year (FY) 2003 the Corporation continued to build on its recent improvements in financial management, receiving an unqualified opinion on its financial statements for the fourth year in a row. In the area of grants management, improvements were made to the Corporation’s grant approval policies and procedures, eliminating this issue as a finding in the 2003 audit. New controls and procedures were instituted to implement the provisions of the Strengthen AmeriCorps Program Act and prevent a recurrence of the enrollment pause experienced with 2002 program year education awards. To build on this progress, the Corporation’s Management Improvement Team is reviewing all areas of the Corporation’s operations to achieve greater accountability and efficiency in the agency and its programs. The changes already put in place have positioned the Corporation to receive a clean opinion on its financial statements as a consistent part of its operations and meet new Treasury reporting deadlines and Office of Management and Budget (OMB) requirements for quarterly financial statements.

The Corporation is also continuing to refine its cost accounting methodology to further break down costs within each of its major responsibility segments: Senior Corps, AmeriCorps, and Learn and Serve America. Currently, the financial statements and footnotes report expenses at the responsibility segment level in accordance with Federal accounting standards (Statement of Federal Financial Accounting Standards Number 4, *Managerial Cost Accounting Concepts and Standards*). Beginning with the 2004 year-end comparative financial statements, the Corporation will also break out the major subcomponents for each responsibility segment. For example, the Senior Corps expenses will include separate information on the RSVP, Foster Grandparent, and Senior Companion Programs. The Corporation will also continue to enhance the model and improve upon the system’s capabilities to better link costs to program outcomes.

Corporation Financial Management Performance Indicators				
Performance Indicators	FY 2002	FY 2003		
	Results	Goal	Results	Goal Met
Audit opinion on financial statements	Unqualified opinion	Unqualified opinion	Unqualified opinion	Yes
Material weaknesses reported in financial statement audit	Maintained at zero	Maintained at zero	Maintained at zero	Yes
Operating status of a single, grants management system that provides stewardship over federal funds in a cost-effective manner	System brought online	Award all new grants through system	All new grants awarded through system	Yes
Operating status of financial management system (“Momentum”)	System upgraded to maintain compliance with JFMIP	Maintain compliance with JFMIP standards	Maintained compliance with JFMIP standards	Yes
Percentage of timely vendor payments	99%	99%	99%	Yes
Timely reports to central agencies	100%	100%	100%	Yes
Percentage of payroll by electronic transfer:				
CNCS Employee	100%	100%	100%	Yes
VISTA Volunteers	78%	80%	90%	Yes



Corporation Financial Management Performance Indicators				
Performance Indicators	FY 2002	Goal	FY 2003	
	Results		Results	Goal Met
Ratio of administrative to program expense: ¹				
Senior Corps	5.5%	N/A	6.6%	N/A
AmeriCorps	15.5%	N/A	15.9%	N/A
Learn and Serve America	9.0%	N/A	8.1%	N/A

¹ This is a new measure; performance goals are under development.

Competitive Sourcing

Since its inception, the Corporation has utilized competitive sourcing to achieve greater efficiency and effectiveness in its operations. Currently, the Corporation has contracted out much of its technology operations including its Office of Information Technology Help Desk, payroll processing, Internet support, and financial system operations and maintenance. In the program support area, the Corporation uses competitive sourcing to obtain training and technical assistance providers to assist and support Corporation grantees. The Corporation has agreements in place to provide assistance to grantees in a number of areas including financial management, member development, technical assistance to state commissions, diversity training, and organizational development. These agreements cover the Senior Corps, AmeriCorps, and Learn and Serve America programs. This has allowed the Corporation to provide high quality training, targeted to customers' needs, at a reduced cost to the government. Currently, about 23 percent of the Corporation's administrative expenses are for outsourced services. Going forward, the Corporation will continue to assess whether outsourcing can improve efficiency and save money in other administrative areas currently carried out by Corporation staff.

Expanding e-Government

During FY 2003 the Corporation continued the year-long rollout of its electronic grants system. The implementation of this system has resulted in a dramatic increase in the speed in which grant applications are received and processed. Now that the system has been exercised through an entire grant cycle, suggested improvements are being collected and will be contained in future software updates. Additionally, in FY 2003 the Corporation implemented the first in a set of electronic resources for enrollees in the National Service Trust; members are now able to obtain their individual trust balance online, and other Trust member needs are being identified for future implementation. The Corporation also made strides in expanding the telecommuting alternatives available to staff and plans to make further improvements in the future.

Budget and Performance Integration

The Corporation has made clear progress toward meeting all of OMB's core criteria for getting to green in budget and performance integration. Specific accomplishments during FY 2003 and plans for 2004 are in the following table.

Core Criteria	Progress	Plans
Integrated planning/evaluation and budget staff work with program managers to create an integrated plan/budget and to monitor and evaluate its implementation.	Expanded role of budget office and hired team of program analysts to promote performance budgeting and monitor program results.	Planning meetings to kick off FY 2006 budget build in March 2004.
Streamlined, clear, integrated agency plan/budget set forth outcome goals, output targets, and resources requested in context of past results.	Worked with Urban Institute to develop new, outcome-oriented performance goals and measures. Cut length of budget submission by 50% from FY 2004 to FY 2005 while adding detail. Organized submission around six Corporation priorities.	With the availability of data to support new performance measures, will strengthen the resources/results linkage in the FY 2006 submission.
Budget accounts, staff, and specifically program/activities are aligned to support achieving program targets.	The Corporation is organized around three major program initiatives, each with a distinct mission and set of performance goals and targets. In the FY 2005 OMB budget submissions, each program describes how it supports a set of Corporation-wide priorities.	Planning meetings to kick off FY 2006 budget build in March 2004. Complete a new Corporation strategic plan.
Full budgetary cost is charged to mission accounts and activities. Cost of outputs and programs is integrated with performance in budget requests and execution.	FY 2005 OMB budget submission presents full cost of each major budget activity and shows resources devoted to Corporation priorities. FY 2004 operating plan guidance requires programs to develop logic models linking inputs, activities, outputs, and outcomes.	Will provide performance budgeting training to all program managers in 2004.
Agency has documented program effectiveness. Analyses show how program outputs and policies affect desired outcomes. Agency systematically applies performance measurement and can demonstrate how program results inform budget decisions.	Increased focus on performance measurement and initiated several scientific program impact studies.	Will conduct PART simulation exercise for senior managers in 2004.



VOLUNTEERING IN AMERICA

The principal aims of the Corporation for National and Community Service are to provide Americans with opportunities to engage in meaningful service and to enhance the capacities and competencies of America's voluntary organizations in working to address community needs. As George W. Romney, former Governor of Michigan, described it, the Corporation seeks "to combine the twin engines of full-time National Service and large-scale traditional, unpaid community volunteering by private citizens. These twin engines can work together to crack the atom of civic power and release the constructive power of citizens' to solve some of our communities' most pressing problems."

As part of President Bush's Call to Service, which encourages Americans to dedicate two years (4,000 hours) over the course of their lifetimes to service, the Corporation emphasizes volunteer leveraging in our national and community service programs to make more volunteer opportunities available. In 2002-2003, our AmeriCorps*State and National programs leveraged over 500,000 unpaid volunteers. These volunteers went on to serve approximately 4 million hours. Volunteers play a vital role not only in serving others, but also in strengthening the organizations and communities in which they serve. The Corporation's programs help to strengthen the volunteer capacity of grassroots groups and small community organizations that are closest to the communities in which service is delivered. Likewise, we seek to ensure that schools and other community institutions teach civic responsibility and instill democratic values. Together we will continue to make national service and community volunteering a strong institution that will effectively combat social problems and civic disengagement.

Since the Corporation provides opportunities for individual volunteers to serve their communities and grants to national and community organizations to support these volunteers, it is crucial for the Corporation to study and share information on volunteering and volunteer management capacity. In the last year, two major national studies on volunteering were conducted to describe the current state of volunteering in America. First, in an effort to measure and track civic involvement and the level of volunteer participation in America, the Corporation collaborated with the Bureau of Labor Statistics (BLS) and USA Freedom Corps to include a yearly supplement on volunteering in their Current Population Survey (CPS). The CPS examines the "supply-side" market for volunteerism: the supply of current and potential volunteers. Second, the Corporation partnered with the UPS Foundation and USA Freedom Corps to conduct a national volunteer management capacity study. This study examines the "demand side" of the market for volunteerism and measures charitable organizations' ability to recruit, manage, and retain volunteers.

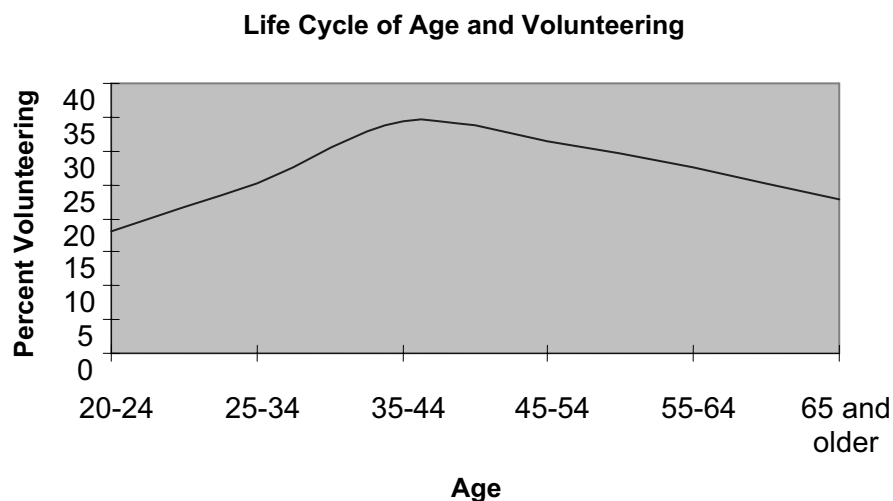
Key Findings from the Volunteering Supplement to the Current Population Survey

- From September 2001 to September 2002, 27.4 percent of all Americans (59.8 million people) volunteered through or for an organization.¹
- Volunteers spent a median of 52 hours volunteering during the year.
- Of all volunteers, 45.9 percent were between the ages of 35 and 54.²

¹ The Current Population Survey (CPS) is a monthly household survey that contains information on employment and unemployment among the nation's civilian non-institutional population age 16 and over. In the September 2002 volunteer supplement, questions regarding volunteering were asked of household members age 15 and over, with about three-fourths of the responses as self-reported (household members answer volunteer questions about themselves). The response rate for the survey was 82% after accounting for non-response to the basic CPS and supplement. The Corporation and its partners have conducted a second volunteering supplement (September 2003) and are currently analyzing the data.

Who Volunteers?

The CPS indicates that age impacts rates of volunteerism. As the table below shows, there is a volunteering life cycle: the younger and older extremes of this life cycle have lower percentages of volunteers than people between the ages of 35 and 54.



Age also affects intensity of volunteering. Approximately 28.8 percent of volunteers stated they spent 100–499 hours volunteering, with respondents age 35–54 accounting for 49.4 percent of those intense volunteers. Volunteers age 65 and older, however, devoted the most time, a median of 96 hours, to service, while 25- to 34-year-olds spent the least amount of time volunteering, with a median of 33 hours during the year.

Employment also related to volunteerism. Almost 30 percent of all employed persons (either part time or full time) volunteered during the year. This finding is higher than the rate for unemployed persons who volunteered last year (25.3 percent). Similarly, college graduates volunteered at a higher rate than those who did not graduate from college, with 43.3 percent of them having volunteered during the year. Married individuals volunteered at higher rates than their single counterparts at 32.4 percent compared with 21 percent, respectively. Similarly, 36.1 percent of people who had children under 18 volunteered, compared with 23.6 percent of volunteers who did not have children under 18.³

² The 2002 CPS supplement gives us the most accurate and detailed view of volunteering in America that has ever been available by studying a very large population (170,000 respondents compared to typical 3,000 or fewer for studies of this type) and using a suitably broad range of activities (without treating all unpaid labor) in its definition of volunteering. Unlike the 1989 survey, the 2002 CPS supplements follow up with non-volunteers on the reasons why they did not volunteer in the preceding year, which allows for a more accurate and realistic estimate of the number of potential volunteers.

³ The overall data indicate that those most likely to volunteer are college educated, employed, currently married, have children under 18, and are between the ages of 35 and 54. The Corporation's programs fall outside of this profile. In FY 2002, for example, 99% of our AmeriCorps*NCCC members, 72% of AmeriCorps*State and National members, and 54% of AmeriCorps*VISTA members were under age 26. Similarly, most of the 1.2 million Learn and Serve participants are under the age of 21. Our Senior Corps programs reach the other end of the life cycle curve, providing service opportunities for Americans 55 and older.



The Potential for Increased Volunteering

CPS data also indicate that there is great potential to increase volunteering in America. Adult Americans generally fall into three categories: volunteers, motivated non-volunteers, and apathetics. We designated these categories after examining answers respondents gave regarding what, if anything, would encourage them to volunteer. About 27.4 percent of those surveyed said that they already volunteered (volunteers). About 54.5 percent answered that some factor would motivate them to volunteer (motivated non-volunteers), and about 18.0 percent of respondents indicated that no factor could motivate them to volunteer (apathetics).⁴

The potential for increasing volunteering may depend on the ability of the public, private, and nonprofit sectors to encourage motivated non-volunteers to become active volunteers, and the data from the CPS give us crucial insights into ways of encouraging more Americans to volunteer. Respondents to the CPS identified a number of areas that would motivate them to volunteer, including having more time, better information on volunteering opportunities, and a match of their skills with the volunteering activity. These factors could have a great impact on the actual number of volunteers. For example, although only 4 percent of respondents stated that better information on opportunities would influence them to volunteer, that percentage translates into approximately 6.3 million additional volunteers. For the Corporation to continue to expand and create better opportunities for volunteers in this country, it is important to integrate these findings into future grantmaking and program designs.

National Study of Volunteer Management Capacity in America's Charities and Congregations

To gain an understanding of the current state of volunteer management in charities as well as congregational social service outreach activities, the Corporation, the UPS Foundation, and the USA Freedom Corps embarked on the first national study of volunteer management capacity in the United States. The study, conducted by the Urban Institute in fall of 2003, assessed the capacity of the nonprofit sector to use volunteers in a way that provides the greatest possible impact on local community needs and to provide meaningful volunteer opportunities for citizens who volunteer.⁵ Providing valuable information on the demand side of volunteering, the results show that volunteers provide substantial benefits to organizations, but volunteer recruitment and management require greater attention and investment.⁶

Key Findings

- Volunteer management capacity could be enhanced by helping organizations recruit more volunteers (particularly during the work day and with particular skills), investing in staff support for volunteers, and providing opportunities for volunteer management training.
- Most charities and congregational social service programs could take on a number of new volunteers if they could only find more information about potential volunteers and recruit them.
- Rather than just additional funding, both charities and congregations prefer a full-time, stipended volunteer (such as an AmeriCorps member) with responsibility for volunteer management and believe such a volunteer would dramatically assist their efforts to take on new volunteers.

⁴ These percentages reflect the 2002 data released prior to subsequent modifications made in 2003.

⁵ The study is based on responses from 1,753 charities drawn at random from the more than 200,000 charities that filed their annual paperwork with the IRS in 2000. Following the same methodology, it also includes information from 541 congregations, representing the 380,000 congregations identified by American Church Lists.

⁶ The complete study can be found at www.nationalservice.org.

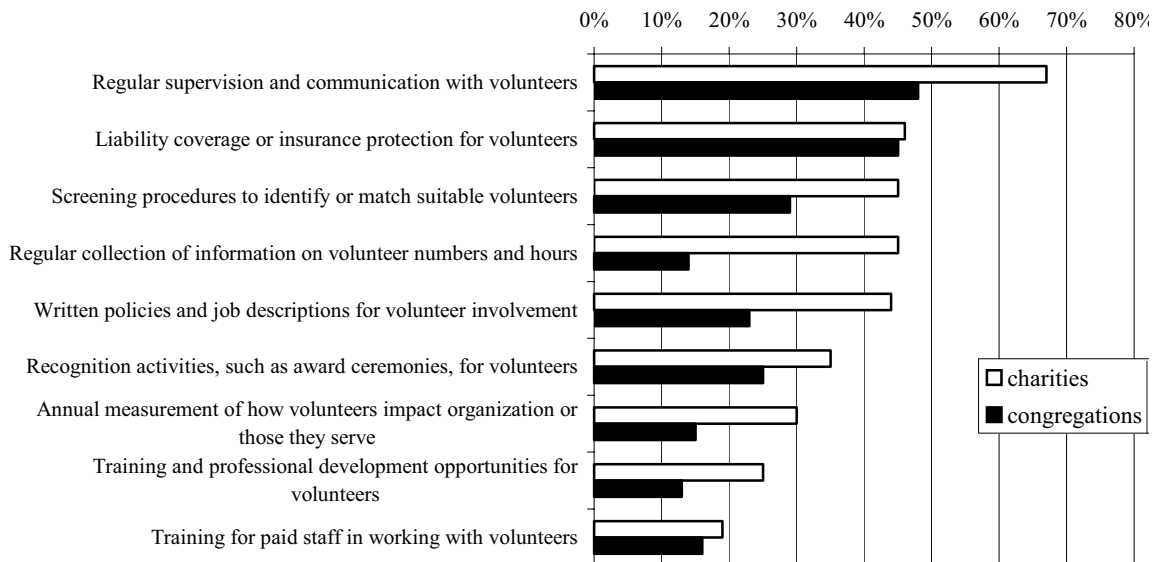
Impact of and Demand for Volunteers

Volunteers are not only involved in the activities of most charities (81percent of charities), they also provide important organizational benefits. In our survey, two-thirds of charities reported that their volunteers provide substantial cost savings and increase the quality of their services. Given the added value, 91 percent of charities and 96 percent of congregational social service programs said that they could absorb more volunteers with their current resources. The median charity said that it could take on 20 volunteers.⁷ Organization size does not play a major role in how many volunteers a charity could take on, except that the median largest organizations are willing to take on 50 volunteers.

Importance of Volunteer Management

Although both charities and congregations noted the value of volunteers to their programs, they did not invest considerable staff time or training in volunteer management. The median paid staff volunteer coordinator in a charity reports spending 30 percent of his or her time in volunteer management. Moreover, within charities, almost one-third of their paid staff volunteer coordinators have no formal training in volunteer administration, including any coursework, workshops, or conferences. Corresponding with these results, no single volunteer management task is practiced (to a large degree) by a majority of charities or congregational social service outreach activities.

Management Tasks That Organizations Say They Practice to a Large Degree

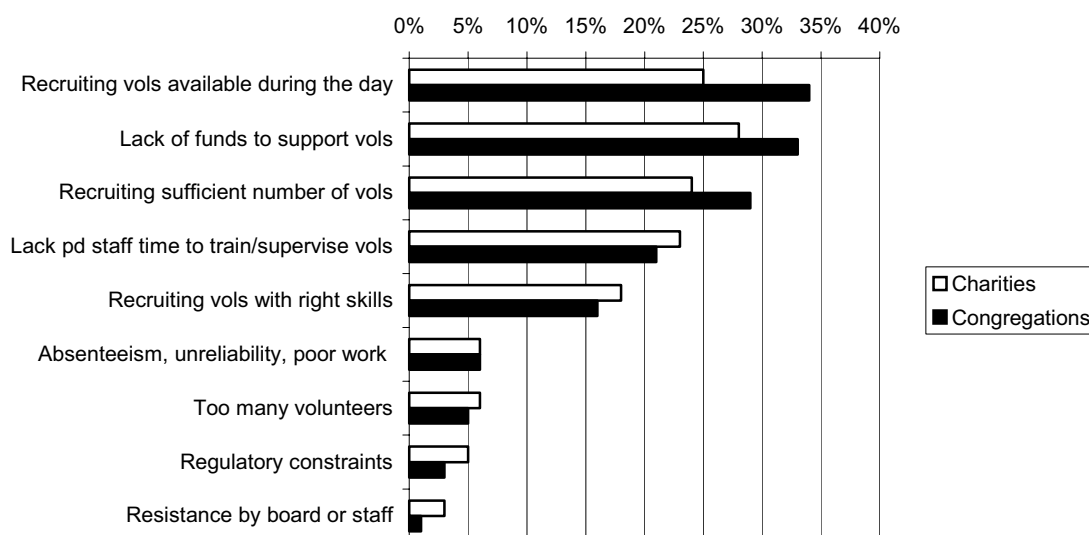


In addition to a rather weak volunteer management infrastructure within most charities and congregations, recruiting and funding are common challenges. These findings suggest that funders and service partners could improve volunteer management capacity by helping organizations recruit more volunteers (particularly during the work day and with particular skills) and invest in staff support for volunteers, and by providing clear opportunities for volunteer management training.

⁷ This means that one-half of the charities say that they could take on more, but one-half say they could take on fewer.



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



Combined with the fact that most organizations could take on a number of new volunteers if they could only recruit them, these problems provide opportunities to expand volunteering in America. Rather than additional funding, 45 percent of charities and 46 percent of congregations preferred a full-time, stipended volunteer (such as an AmeriCorps member) with responsibility for volunteer management and believe such a volunteer would dramatically assist their efforts to take on new volunteers. Not surprisingly, 42 percent of charities and 38 percent of congregational social service groups also say that additional funding would increase their volunteer use to a great extent. Thirty-nine percent of charities and forty-three percent of congregations also report that information about potential volunteers in their community would greatly help them recruit additional volunteers and further support their volunteer programs. These strategies highlight approaches that the Corporation and its service partners can take to help improve existing volunteer recruitment and management in the charitable sector.

Conclusion

Both of these rigorous studies provide a wealth of new information on volunteering in America. Our goal is to continue to produce additional studies on both the supply side and the demand side of volunteering. Through such efforts, we can help Americans, charities, and congregations answer President Bush's Call to Service and his mandate that national and community service programs optimize program design and serve as engines of volunteer mobilization.

AMERICORPS*STATE AND NATIONAL

About the Program

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

AmeriCorps*State and National grants are used by programs to provide administrative infrastructure and financial support for 40,000 or more Americans each year who provide intensive service to local communities across the country. The individuals who participate in programs funded by AmeriCorps*State and National grants are called members. They serve through nonprofits, public agencies, and faith-based organizations. They tutor and mentor youth, build affordable housing, teach computer skills, clean parks and streams, run after-school programs, and help communities respond to disasters. In addition, they assist nonprofits in accomplishing more by helping to make more effective use of volunteers.

What We Accomplished

Enrollments

In program year 2003, there were approximately 50,000 AmeriCorps positions available to be filled across all AmeriCorps programs.⁸ These 50,000 positions consist of about 22,000 positions created by 2003 AmeriCorps*State and National grants, another 20,000 positions created by 2002 grants but delayed into 2003 by the enrollment pause, and about 6,000 AmeriCorps*VISTA and 1,200 AmeriCorps*NCCC positions.⁹ Enrollment in these positions is on track and the Corporation anticipates most of these positions to be filled by the end of fiscal 2004. For program year 2002, AmeriCorps had enrolled 48,146 members as of September 30, 2003.¹⁰

⁸ Most AmeriCorps enrollments occur in the fiscal year following the fiscal year in which the appropriation occurs. This is because most AmeriCorps grants are awarded in the late summer or fall, close to the end of the fiscal year. Therefore AmeriCorps enrollment is often measured by program year, as opposed to fiscal year. Program Year refers to positions awarded through, although not necessarily filled in, a particular fiscal year's grant funds.

⁹ The 20,000 refers to positions created by grants approved in the summer of 2002 which were unfilled at the time of the enrollment pause. These 20,000 slots, which could be filled only after the pause was lifted in March 2003, were reclassified as belonging to program year 2003.

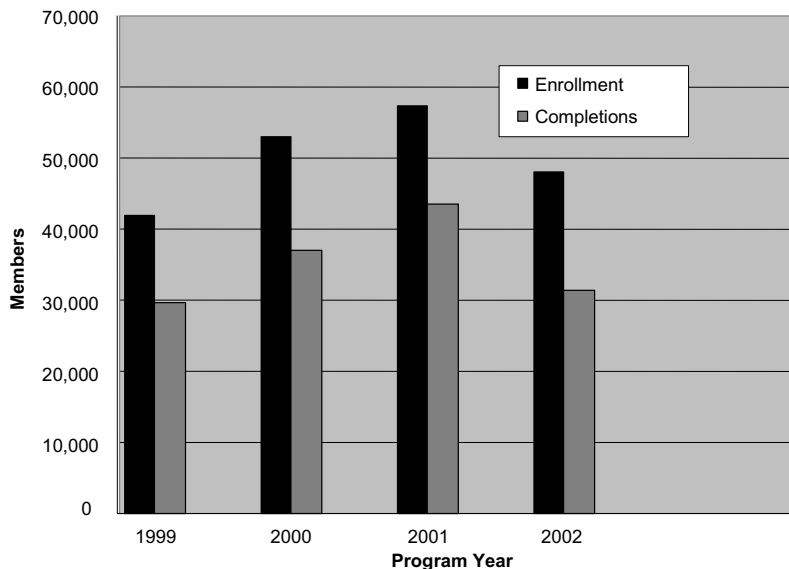
¹⁰ The 48,146 number here and in Figure 1 includes all AmeriCorps programs – AmeriCorps*State and National, AmeriCorps*VISTA, and AmeriCorps*NCCC. Please note that prior year enrollment numbers may change slightly due to corrections or late reporting by grantees.



Completion Rates

Another important measure of the performance of programs funded by AmeriCorps*State and National is the percentage of members who complete their agreed upon term of service.¹¹ A member that successfully completes his or her term of service earns an education award. From the standpoint of program impact, all other things being equal, the goal should be to support programs that have demonstrated an ability to ensure high rates of service completion by participating members. Figure 1 shows the trends in members completing agreed upon terms of service.

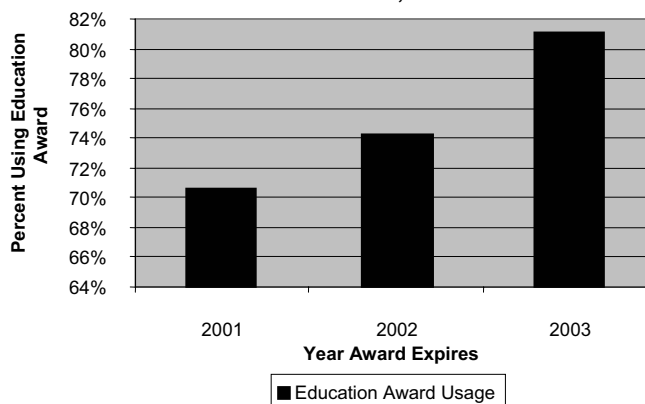
Figure 1. Enrollments and Completions Across All AmeriCorps Programs (As of September 30, 2003)



Education Award Usage

One important benefit of national service for members completing their terms of service is access to an education award that can be used towards current education expenses or to pay off qualified higher education debt. The education award is one of the defining characteristics of the AmeriCorps program. Figure 2 compares the education award usage rate based on the year the education award expires.¹² Members who have completed their terms of service have up to seven years to claim their education award. Most

Figure 2. Member Education Award Usage for State and National, 2001–2003



¹¹ Completion rates are based on the number of members completing their term of service divided by the number of members who have either completed their service or withdrawn without completing their service. Some members from 2002 and 2003 are still serving, including two-year part-time members. Member completion rates and enrolment data are both calculated by program year, which can overlap two separate fiscal years.

¹² Education award usage is calculated by fiscal year, because the corporation tracks when members access their education award and when education awards expire by fiscal year. Sometimes members can receive extensions (beyond the expiration date), which are reflected in the usage rates.

members use their award within the first three years after service.¹³ Figure 2 shows that for those members whose education awards expired in 2001, 2002, and 2003, education award usage has been increasing (CNCS National Service Trust Database).

Strengthening Accountability for Results

Improving Performance Measurement. AmeriCorps*State and National is working to enhance its performance reporting in a number of ways as a result of the Program Assessment Rating Tool (PART) findings of 2002. A more detailed discussion of these findings and AmeriCorps' actions is in the Evaluation section at the end of this chapter.

AmeriCorps*State and National also requires applicants to measure their inputs and outputs and their intermediate and end accomplishments by using and reporting on performance indicators. Collecting grantee and program performance indicators, in addition to streamlining and enhancing data collection systems, will allow AmeriCorps*State and National to report performance on three levels: 1) AmeriCorps*State and National operational performance as a grant making organization, 2) the impact of AmeriCorps-funded programs on program members, and 3) the impact of AmeriCorps programs on beneficiaries of services.

State Administrative Standards. The State Administrative Standards were designed as a tool to help Governor-appointed state service commissions improve their capacity to fund and manage local national service programs and serve as effective partners with the Corporation in building the national service field. The standards have also been used by AmeriCorps*State and National to assist in monitoring and assessing the performance of state commissions as grantees. When the Standards project was begun in 2001, the goal was to review all commissions at least once during a three-year period. Based on our financial audit, we have agreed to move to a risk-based approach in the future. At the end of FY 2002, 49 states had been reviewed and 18 fully met all standards. By the end of FY 2003, 50 state commissions had been reviewed and 34 had successfully completed all elements of the Administrative Standards. Since the end of FY 2003, 10 additional commissions have met all elements of the standards. Six commissions—Alabama, Georgia, Puerto Rico, Vermont, Virginia, and Wyoming—are continuing to work on the resolution of their standards (AmeriCorps*State and National Project on State Administrative Standards).

Focusing on Issues

AmeriCorps*State and National-funded programs engaged in a number of service activities in 2003, including homeland security, youth education, and volunteer generation. Data on these accomplishments are available through the web-based reporting system (WBRS), the system used by most AmeriCorps-funded grantees and programs to monitor and manage their grants.

Engaging Children and Youth

AmeriCorps*State and National continues to place a high priority on supporting programs that serve the needs of children and youth, including tutoring and mentoring, increasing access to health care, providing safe and educational after-school programs, bridging the digital divide, and supporting families in crisis. In FY 2003, AmeriCorps*State and National recommended almost \$78 million in grants to support services to children and youth (from AmeriCorps*State and National calculation using the Corporation's e-Grants data system).

¹³ Data received from the National Service Trust Database showing when members first access their education award. The data reflect all of those members who served with programs supported by funds from AmeriCorps State's ASC and ASF (competitive and formula) grants, AmeriCorps National's ADN grant, and members whose education awards expire in the same fiscal year, to determine when members are utilizing their education award.



Using data gathered from the Grantee Progress Report (GPR), the Corporation was able to develop a summary report of accomplishments for the 2002 program year. AmeriCorps*State and National-funded programs¹⁴

- taught 198,010 students in grades 1-12;
- taught 12,249 children in Head Start or kindergarten;
- tutored 372,014 students in grades 1-12;
- worked with 43,115 parents or families on parenting skills development; and
- mentored or counseled 111,796 youths concerning school success or achievement.

Below are examples of the kinds of activities that support children and youth and examples of relevant performance accomplishments (from GPR submissions in WBRs).

- **West Virginia.** The state's youth education programs' tutoring activities help students to improve their academic performance. Seventy-four percent (9,223 of 12,484) of children improved their literacy skills, and 3,235 of those 12,484 children were preschoolers. Ninety-three percent of them achieved eighty-seven percent of the developmental milestones in literacy. West Virginia programs also work to increase the literacy knowledge of parents in order to provide better homework and reading assistance to their child. As a result, 95 percent (3,690 of 3,869) increased knowledge of literacy issues.
- **Civic Ventures.** Members tutor and conduct literacy-related activities for 10,754 students in grades 1–12. Of those students who are tutored in the program, 81 percent increased their reading level by at least one-half grade level, while nearly 20 percent of tutored students increased by 1.5 grade levels or more.

Supporting Faith-Based and Other Community Organizations

Supporting faith-based and community-based programs continued to be a priority and a requirement for AmeriCorps*State and National in 2003. AmeriCorps*State and National continues to reach out to and partner with faith-based and small community organizations to expand their opportunities to help address community needs. During the grant review process in FY 2003, AmeriCorps*State and National awarded over \$62 million (roughly 38 percent of all grant awards) either directly to community-based organizations or the agencies that partnered with them, both secular and faith-based. Members will provide services to children and youth, build houses, and support health care needs in community- and faith-based organizations (from program staff's calculation using the Corporation's e-Grants data system).

Leveraging Volunteers and Dollars

One of the goals of AmeriCorps is to increase civic engagement. One measure of growing civic engagement is the ability of a community to engage and generate unpaid citizen volunteers to address pressing community problems. AmeriCorps*State and National has been encouraging grantees to use

¹⁴ "Summary of AmeriCorps*State and National Accomplishments, 2001–2002." The summary, which is a summary of accomplishments captured in WBRs, does not reflect all of AmeriCorps*State and National's accomplishments, because it includes data from only 68 percent of the AmeriCorps*State and National programs from 2001 to 2002.

AmeriCorps members not just to deliver direct services but also to assist in recruiting and managing community volunteers:

- In 2003, AmeriCorps*State and National programs generated over 500,000 unpaid community volunteers, who in turn served more than 4 million hours, averaging eight hours of service per volunteer. This was an increase in both the number of volunteers and the average hours served.
- In 2002, AmeriCorps*State and National programs generated 256,000 volunteers, who provided 1,900,763 hours serving their communities. On average each of these volunteers provided roughly seven hours of service to each of their communities (CNCS WBRs).

Homeland Security

The Homeland Security initiative engages communities—individuals, school organizations, agencies, and businesses—in planning and implementing disaster relief and response services around issues such as health, natural disasters, and terrorism. In 2003, AmeriCorps*State and National partnered with several local and national disaster preparedness and relief organizations including the National Red Cross to recruit volunteers who directly respond to or assist others in preparing for and responding to local emergency needs. AmeriCorps*State and National also supported over 1,600 community policing and public safety programs in partnership with police.

Evaluation

Long-Term Study of the Impact of Service on AmeriCorps Members

Serving Country and Community: A Study of Service in AmeriCorps is a longitudinal study designed to assess the long-term attitudinal and behavioral impacts of participation in AmeriCorps on members' civic values and engagement, education, employment, life skills, and social attitudes and behaviors. The study includes a nationally representative sample of more than 2,000 AmeriCorps members from 109 AmeriCorps*State and National programs and from three (of five) AmeriCorps*National Civilian Community Corps (NCCC) regional campuses. The impacts will be measured by comparing 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, *A Profile of Members at Baseline*, provides basic information on member demographics and civic engagement. The second report, scheduled for release in late 2004, examines the impact of AmeriCorps by comparing changes in civic values and engagement, education, employment, life skills, and social attitudes and behaviors for members and the comparison group one year after baseline, when most members will have completed their program experience.

AmeriCorps Education Award Utilization Survey

The goal of this study was to identify the factors that explain the current usage trends of the AmeriCorps Education Award. A statistical analysis of utilization trends, using Corporation administrative data, shows that members with less formal education, men, and nonwhite members are all less likely to use their education awards while still eligible to do so. Interviews with former AmeriCorps members who have not used their awards indicate that personal circumstances are the most common reasons for nonuse, although there are key differences in usage rates between alumni of the various AmeriCorps programs (VISTA, NCCC, State and National). The results will help the Corporation identify effective practices to encourage greater award usage, and to inform the administration of the National Service Trust. One of the goals of the AmeriCorps program is furthering the educational opportunities of its members. The AmeriCorps education award provides up to \$4,725 to help a member pay for further education or to repay student loans. Part-time members get a prorated portion of that amount. The Corporation's



National Service Trust data show that about one-half of the AmeriCorps graduates who have earned education awards have begun to use them.

AmeriCorps Attrition Overview Study

This study was designed to take a more in-depth look at the frequency and causes of member attrition within AmeriCorps. Administrative data from the National Service Trust records indicate that attrition was higher among nonwhite members (compared to white members), lower among the better educated, and higher among men. Moreover, attrition is higher in programs where the education award serves as the primary means of support. Similar findings occur when members who leave are separated into two categories: terminations for cause and terminations for compelling personal circumstances. The results will help the Corporation reduce attrition among AmeriCorps programs and improve administration of the Trust.

The Program Assessment Rating Tool Finding

In its 2002 Program Assessment Rating Tool (PART) review, AmeriCorps*State and National received an overall program score of 36 percent and a rating of “Results Not Demonstrated.” The PART indicates that AmeriCorps*State and National needs to establish new financial management procedures to ensure that the Corporation has timely and accurate information on AmeriCorps enrollments and strengthen annual and long-term performance measures.

Program Assessment Rating Tool (PART) Summary

Section	Score (%)	OMB Weighting (%)	Weighted Score (%)
Program purpose and design	60	20	12
Strategic planning	71	10	7
Program management	36	20	7
Program results	20	50	10
Total program score		100	36

The review recommended that AmeriCorps*State and National:

- establish new financial management procedures to ensure that the Corporation has timely and accurate information on AmeriCorps enrollments that are within budgeted levels and that it properly records education award obligations in the Trust;
- strengthen existing performance measures and indicators and develop more outcome-oriented annual and long-term performance measures;
- develop better methodology to quantify recruitment results; and
- present data in a transparent and meaningful manner.

The Corporation has taken specific actions to respond to these recommendations and improve AmeriCorps*State and National. First, it has established and implemented the following procedures to ensure coordination between the AmeriCorps program and the Chief Financial Officer in approving AmeriCorps positions:

- Prior to each grant review, the Chief Financial Officer provides the Director of AmeriCorps with the budgeted number of members and program funds to be considered in the grant cycle.
- Prior to making grant recommendations to the CEO, the Director of AmeriCorps ensures that the number of projected positions that would result from the recommended awards is within the number of budgeted positions provided by the CFO prior to the award process.
- Prior to the final approval of grant awards by the Board, the CFO reviews the recommendations and certifies that there are sufficient Trust resources available to support the recommended awards.

The Corporation has also developed the following new enrollment procedures through which AmeriCorps programs begin tracking enrollments from the point at which the program enters into a commitment with a prospective AmeriCorps member:

- Programs enter information about their commitments into the web-based reporting system (WBRS) used by AmeriCorps programs to track member information.
- These commitments are then tracked by the Corporation to provide information on the number of individuals expected to begin service in AmeriCorps.
- Once these individuals actually begin serving, the local AmeriCorps program completes enrollment information in WBRS within 30 days.
- This information is then transmitted to the Corporation and is recorded as a Trust enrollment.
- The WBRS system has also been adapted to provide users with prompts to alert them of commitments that are approaching the 30-day deadline and automatically cancels commitments once they are 45 days past due to become enrollments.

In addition to these system developments to improve tracking of enrollments, the Corporation generates a biweekly report of enrollments for review by the Director of AmeriCorps, the CFO, and the CEO. It includes updated information on the number of positions that have been awarded, the number of commitments to individuals to begin service, and the number of actual Trust enrollments to date.

To strengthen existing performance measures and indicators and develop more outcome-oriented annual and long-term performance measures, beginning in 2002, the Corporation began a major multi-year performance measurement initiative to assess outcomes in federally funded volunteer programs.

The Corporation contracted with the Urban Institute in 2002 to examine the Corporation's current performance reporting and provide improvement recommendations. In 2003, the Corporation began implementing the following recommendations designed to shift annual performance reporting from process-oriented accomplishments (count of services) to results-oriented outcome reporting (impact of services) and to enable the Corporation to use performance data to make management and programmatic improvements:



- The program guidance for AmeriCorps now includes requirements for each grantee to submit information on performance documenting the actual impact of the program on people receiving services and on communities.
- AmeriCorps has also developed national outcome-oriented performance measures and indicators to report on program performance, which are included in the 2005 Budget Estimate and Performance Plan.
- The Department of Research and Policy Development has initiated an effort to collect annual performance data from AmeriCorps grantees and members.
- The Corporation's draft strategic plan outlines specific long-term performance measures that are directly linked to annual performance reporting in accordance with GPRA. The draft strategic plan also describes quantifiable performance indicators for each strategic objective, shifting the Corporation's focus to results-oriented and long-term performance measurement.

To develop better methodology to quantify recruitment results, AmeriCorps guidelines have been revised to require grantees to submit at least one performance measure addressing volunteer leveraging and management. AmeriCorps is also establishing a more reliable means to quantify volunteer leveraging and report results (ratio of volunteers to members).

Finally, as part of the Corporation's Performance Measurement Initiative, the Department of Research and Policy Development is in the process of identifying methods to disaggregate national performance data and report information on program performance for states and grantees, making the presentation of the data more transparent and meaningful.

Recommendations to the Corporation for National and Community Service, AmeriCorps*State and National, From the PART Review

Recommendation	Lead Organization and Official	Completion Date	On Track?	Comments on Status	Next Milestone	Next Milestone Date
Establish new financial management procedures to ensure that the Corporation has timely and accurate information on AmeriCorps enrollments that are within budgeted levels and properly record education award obligations in the Trust.	CFO, Michelle Guillermin	Completed	Yes	Memorandum outlining new procedures sent to all AmeriCorps*State and National grantees on 1/22/03.	Develop procedures to ensure accurate enrollment of AmeriCorps members and timely recording of financial obligations in the Trust and cancel over-enrollment policy.	Completed
Strengthen existing performance measures and indicators and develop more outcome-oriented annual and long-term performance measures.	Research and Policy Development, David Reingold	In progress	Yes	Performance Measurement Initiative begun in 2003. AmeriCorps is strengthening existing measures and indicators and is developing new outcome-oriented performance measures.	Develop new annual and long-term outcome-oriented performance measures and indicators for AmeriCorps.	05/01/04
Develop better methodology to quantify recruitment results.	Research and Policy Development, David Reingold	In progress	Yes	Draft memorandum on this need dated 5/1/03; AmeriCorps guidelines currently require grantees to submit at least one performance measure addressing volunteer leveraging and management. AmeriCorps is establishing a more reliable means to quantify volunteer leveraging (ratio of volunteers to members).	Identify methods to reliably quantify volunteer leveraging (ratio of volunteers to members).	05/01/04
Present data in a transparent and meaningful manner.	Research and Policy Development, David Reingold	In progress	Yes	Performance Measurement Initiative developed in 2003. Currently identifying methods to develop performance and accountability measures for states.	Identify methods to disaggregate national performance data and report information on program performance at the state level.	05/01/04



Performance Indicators for AmeriCorps*State and National, FYs¹⁵ 1999–2003

Performance Indicators	Type of Measure	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of members enrolled annually. Source: <i>National Service Trust Database, CNCS.</i>	Output	41,887	53,047	59,377	48,146	13,738 ¹⁶	43,000	No
Percentage of AmeriCorps*State and National members completing their term of service. ¹⁷ Source: <i>National Service Trust Database, CNCS.</i>	Output	71.0%	72.7%	75.7%	80.1%	78.7%	75%	Yes
Percentage of members who complete their term of service and use some portion of their education award. ^{18,19} Source: <i>National Service Trust Database, CNCS.</i>	Intermediate outcome	N/A	N/A	70%	75%	81%	85%	No
The number of state commissions meeting all of the state administrative standards criteria. Source: <i>AmeriCorps*State and National Administrative Standards Review, CNCS.</i>	Intermediate outcome	N/A	N/A	N/A	18	34	40	No
Number of volunteers resulting from AmeriCorps*State and National activities. Source: <i>AmeriCorps*State and National, CNCS.</i>	Intermediate outcome	N/A	N/A	N/A	256,170	529,389	N/A ²⁰	N/A ²⁰
The percentage of AmeriCorps*State and National programs meeting established end-outcome performance measures. Source: <i>AmeriCorps*State and National, CNCS.</i>	End outcome	N/A	N/A	N/A	N/A	TBD ²¹	N/A ²⁰	N/A ²⁰

¹⁵ Member enrollment and completion data are actually gathered by program years, which can overlap 2 separate fiscal years. AmeriCorps*State and National program years usually begin in the fall and end during the following summer.

¹⁶ In 2002, the Corporation approved more AmeriCorps members than could be supported by the National Service Trust, resulting in a \$63 million deficiency and a significant shortage of member slots for the 2003 grant cycle.

¹⁷ For members who complete service during a program year, divide the number of members who met the requirements for an education award by the total number who completed service. If the average is 70.0 percent, 7 of every 10 members who left the program during the year earned an education award.

¹⁸ These numbers have changed since last year. Because members have 7 years to use their education award, a number of them have used the award since we reported on the usage last year.

¹⁹ These data reflect the percentage of members whose education award expired in the same fiscal year and who accessed their education award by the expiration date. Since members have 7 years to use their education award, no complete data are available prior to FY 2001.

²⁰ This is a new measure; performance goals are under development.

²¹ TBD, to be determined.

Performance Indicators	Type of Measure	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Percentage of AmeriCorps*State and National members indicating that their service experience influenced their career, educational or professional goals. Source: <i>National Survey of AmeriCorps Members</i> . CNCS.	End outcome	N/A	N/A	N/A	N/A	TBD ²²	N/A ²⁰	N/A ²⁰

²² TBD, to be determined.



AMERICORPS*NCCC

About the Program

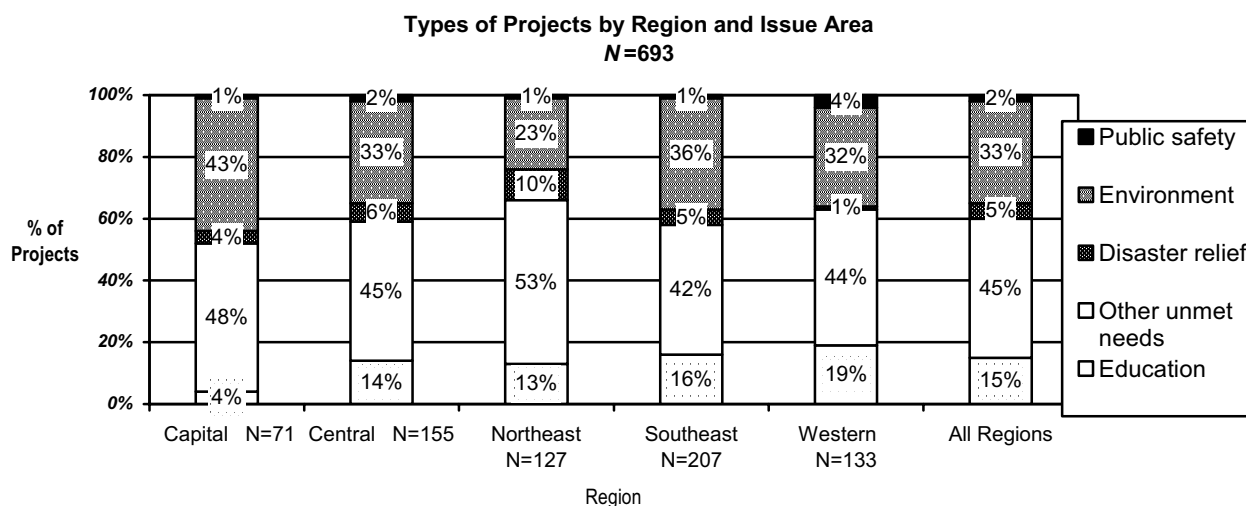
Modeled after the Civilian Conservation Corps, the AmeriCorps*National Civilian Community Corps (AmeriCorps*NCCC) is a 10-month, full-time, team-based residential program for men and women ages 18-24. The program's mission is to strengthen communities and develop leaders through national and community service. Members receive a \$4,000 annual living allowance plus room and board. At the successful completion of their service, members are eligible to receive an education award.

Since 1994, more than 10,000 members have helped nonprofit groups provide disaster relief, tutor children, preserve the environment, build homes for low-income families, and meet other challenges. AmeriCorps*NCCC service is direct and team based. Members serve communities in every state at the request of local and state sponsors and receive training in CPR, first aid, and mass care.

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

What We Accomplished

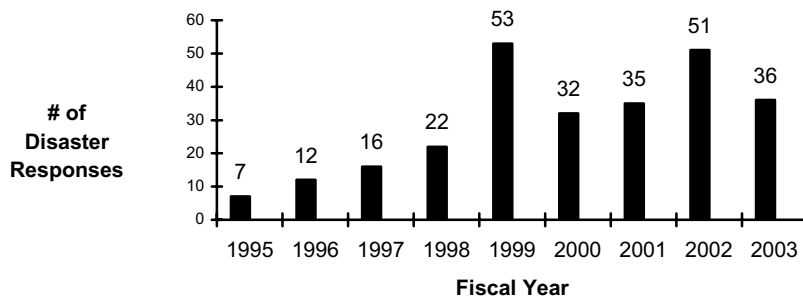
In FY 2003, AmeriCorps*NCCC engaged 1,276 members on 693 projects in all 50 states and the Virgin Islands. Projects were completed in five issue areas—disaster relief, education, environment, public safety, and other unmet needs—with an emphasis on homeland security and working with children and youth. Member enrollment increased by 7 percent and the number of projects completed increased by 17 percent above FY 2002 levels. Nearly 90 percent of program participants completed the program, investing nearly 2 million service hours in local communities. Members served alongside 30,000 volunteers at a ratio of 24 volunteers per member.



AmeriCorps*NCCC provided significantly more support for fire prevention and firefighting this year. Members responded to 36 requests for disaster relief in 18 states and the District of Columbia at the request of the American Red Cross, FEMA, natural resources state offices, Forest Service, and community-based relief agencies. AmeriCorps*NCCC teams:

- served as family service and damage assessment technicians in Maryland and Delaware when Hurricane Isabel swept through the mid-Atlantic coast;
- fought fires in Colorado, Wyoming, and Arizona and helped search for debris from the Space Shuttle Columbia disaster;
- assisted citizens displaced by a typhoon in Guam; tornadoes in Kansas, Mississippi, Oklahoma, and Missouri; and floods in Texas, Kentucky, Alabama, and Tennessee;
- helped coordinate disaster relief simulations in Baltimore, Sacramento, and Denver;
- educated households and students about disaster preparedness with curricula and dissemination of information; and
- assisted the American Red Cross in weatherizing homes as a safety precaution in the event of a disaster in Florida.

Disaster Responses: FY 1995-2003



In FY 2003, AmeriCorps*NCCC increased its efforts to support first responders by forming agreements and partnerships with organizations like the Colorado Office of Emergency Response and the National Pharmaceutical Stockpile. To support disaster relief operations, all AmeriCorps*NCCC members were trained in CPR, first aid, and basic disaster relief, an increase of 15 percent from FY 2002.

Strengthening Accountability for Results

Program accountability is monitored through risk-based in-progress reviews (IPR) of the campuses. The IPR is an in-depth, on-site review of program activities, projects, facilities, and administrative requirements using national AmeriCorps*NCCC standards. Activities measured include project outreach and development, management and leadership, and member quality of life. In FY 2003, AmeriCorps*NCCC conducted an IPR of three campuses: two campuses met all 14 standards and one met 12 of the 14. In all instances, region directors are responding to IPR recommendations and improving operations.



For the first time since the Corporation was established, a pilot online member survey was implemented to collect feedback about members' national service experiences. Of the 1,100 members who successfully completed AmeriCorps*NCCC in FY 2003, 688 or 62 percent responded to the survey. When asked about the motivation to join AmeriCorps*NCCC, respondents overwhelmingly felt that helping solve problems in communities (75 percent), making a difference (91 percent), and helping people in communities (91 percent) were very or extremely important. In addition, 81.3 percent agreed or strongly agreed that they will be more involved citizens in their communities because of their AmeriCorps*NCCC experiences. When asked to rate the quality of their service experiences, 90 percent of respondents reported that they were good (41 percent) or outstanding (48 percent). And finally, in response to questions about the service experience members reported that most of their service projects made them more resourceful, contributed to their understanding of community needs, and were worthwhile experiences.

Engaging Children and Youth

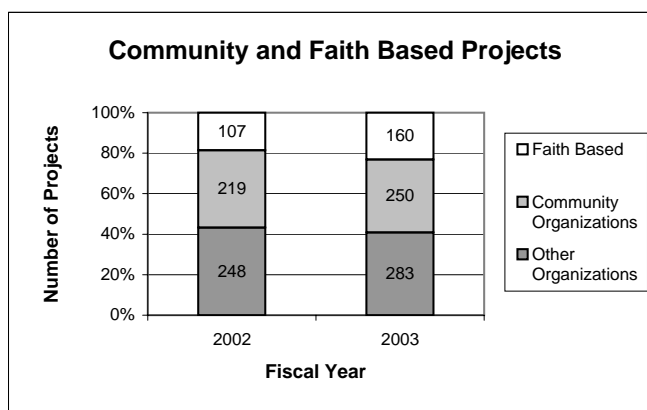
Approximately 34 percent (236) of all projects directly benefited or engaged children and youth. Teams worked with children on projects that helped to bridge the digital divide, tutored 44,000 children, and made it possible for more seriously or terminally ill children to have a quality summer camping experience. Members enrolled children in health care programs, organized after-school programming, and worked with Boys & Girls Clubs and YMCA and YWCA programs to support youth development activities.

Securing the Homeland

AmeriCorps*NCCC members will quickly deploy to communities to address national crises as a result of natural and other disasters. In FY 2003, members completed 63 homeland security projects including disaster mitigation, relief, and recovery. Teams participated in disaster simulations; helped to educate Americans about preparedness; helped citizens cope in the aftermath of tornadoes, floods, and hurricanes; fought fires; and helped communities rebuild when cataclysmic events devastated homes and other infrastructures. Availability and readiness are critical to the program's ability to respond effectively.

Supporting Faith-Based and Other Community Organizations

AmeriCorps*NCCC maintained its commitment to serving faith-based and other community organizations in 2003 by completing 410 (60 percent) projects with these types of organizations, a 3 percent increase over FY 2002 levels. Members served with 89 different faith-based project sponsors on 160 projects; this represents a 6 percent increase of projects completed with faith-based organizations from FY 2002.



Faith-based project sponsors included organizations such as the Broad Street Methodist Church in Ohio, where members renovated an emergency shelter and transitional home; and Covenant House in New York, where members worked with young runaways. Members served on home building projects with Habitat for Humanity affiliates and other faith-based and community groups that resulted in 355 homes for low-income families. AmeriCorps*NCCC teams worked with local YMCAs, the Salvation Army, camp programs, and Sacred

Places, a national nonprofit that supports the renovation of faith-based facilities that are in disrepair for usage as community centers and other social programs.

Project sponsors are representative of a wide variety of organizations, including national nonprofits, local government agencies, Indian tribes, and education institutions, which at 20 percent represent a significant portion of project sponsors.

Leveraging Volunteers and Dollars

The team-based structure of AmeriCorps*NCCC and member organizing skills enhance the capability of organizations to engage local volunteers. Annually, AmeriCorps*NCCC works with the Habitat for Humanity Collegiate Challenge Program to coordinate the activities of thousands of student volunteers and other “sweat equity” home building projects. In FY 2003, AmeriCorps*NCCC doubled the number of volunteers that it worked with to 30,000.

The service that AmeriCorps*NCCC members perform for sponsoring organizations also allows the sponsoring organizations to use limited resources to increase the level of service they provide to their customers. For instance, by performing grounds maintenance for a camp that serves the chronically ill, AmeriCorps*NCCC members made it possible for the camp to support the maximum number of scholarships and more campers.



AmeriCorps*NCCC Performance Indicators, FYs 2000-2003²³

Performance Indicators	Type of Measure	FY00	FY01	FY02	FY03	Goal Met?
Percentage of members completing their term of service. ²⁴ Source: <i>National Service Trust Database. CNCS.</i>	Output	84.2%	88%	88%	90%	Yes
Number of AmeriCorps*NCCC members supporting homeland security. ²⁵ Source: <i>AmeriCorps*NCCC; National Survey of AmeriCorps Members. CNCS.</i>	Output	N/A	N/A	N/A	TBD	N/A ²⁶
Number of volunteers resulting from AmeriCorps*NCCC activities. Source: <i>AmeriCorps*NCCC. CNCS.</i>	Intermediate outcome	N/A	15,000	15,000	30,000	Yes
Percentage of project sponsors indicating that AmeriCorps*NCCC members made a significant contribution to achieving the project's objectives. Source: <i>Survey of AmeriCorps*NCCC Project Directors. CNCS.</i>	End outcome	N/A	N/A	N/A	TBD	N/A ²⁶
Percentage of AmeriCorps*NCCC members indicating that their service experience influenced their career, educational, or professional goals. Source: <i>National Survey of AmeriCorps Members. CNCS.</i>	End outcome	N/A	N/A	N/A	TBD	N/A ²⁶

²³ The Corporation has begun a major overhaul of its performance measurement systems. New indicators will be developed during 2003 for implementation in 2004.

²⁴ For members who complete service during a program year, divide the number of members who met the requirements for an education award by the total number who completed service. For example, if the average is 70 percent, 7 of every 10 members who left the program during the year earned an education award.

²⁵ Homeland security includes projects that support prevention of, preparedness for, and mitigation and response to natural disasters including terrorist acts. Included in this definition are response to tornados, floods, and hurricanes; support for blood banks and food banks; disaster simulations; and firefighting.

²⁶ This is a new measure; performance goals are under development.

AMERICORPS*VISTA

About the Program

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

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

What We Accomplished

In 2003, AmeriCorps*VISTA supported 1,541 projects with public agencies and faith-based and other community-based organizations. In total, 5,569 volunteer service years (VSYs) were completed in association with these projects. More than 90 percent of VISTA members successfully completed their full terms of service.

Each year, AmeriCorps*VISTA members recruit thousands of community volunteers who donate millions of hours of service to their communities. Through capacity-building efforts such as fundraising, volunteer management, and training, AmeriCorps*VISTA members contributed to their sponsoring organizations' ability to positively impact low-income individuals, families, and communities. For example:

- In 2002 and 2003, 40 AmeriCorps*VISTA members were placed in 24 faith-based and community development credit unions in 16 states through the National Federation of Community Development Credit Unions (NFCDCU). Collectively, they recruited 170 new volunteers and raised more than \$180,000 to support financial education and home ownership workshops and administer individual development account programs (NFCDCU 2003 Annual Report).
- Nearly 300 children in Northfield, Minnesota began receiving tutoring services this fall, thanks to an AmeriCorps*VISTA member and the 80 college students she recruited. She has also recruited 30 more students to mentor high-school students and has begun writing grants to fund a part-time position to coordinate even more literacy services.
- In Wyoming, one AmeriCorps*VISTA member serving with a local Habitat for Humanity affiliate raised more than \$16,000 of in-kind support and more than \$23,000 in cash grants and donations in a three-month period.

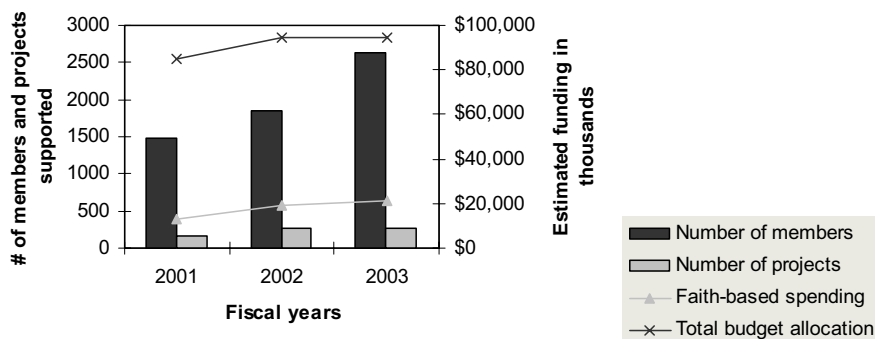
Supporting Faith-Based and Other Community Organizations

In 2003, AmeriCorps*VISTA supported 202 distinct faith-based initiatives with 2,156 members. In total, AmeriCorps*VISTA provided more than \$18.9 million to support these faith-based initiatives. These



figures only account for faith-based initiatives and do not include other small community-based initiatives.

AmeriCorps*VISTA and Faith-Based Programs



Source: AmeriCorps*VISTA information systems. Data only account for faith-based programs and do not include other small grassroots programs. Note: Funding allocations were estimated using the following formula: number of volunteer service years (VSYs) allocated multiplied by average cost per VSY in FY 2001, FY 2002, and FY 2003.

Securing the Homeland

Low-income communities and citizens are frequently under-resourced in critical areas of public health and public safety (Centre for Research on the Epidemiology of Disasters. *Development at Risk*. 2002). Substandard housing, lack of infrastructure, and inelastic expense budgets all contribute to the vulnerability of low-income communities during times of disaster, both in the United States and abroad. Across the country, programs have begun to explore the extraordinary potential that AmeriCorps*VISTA members have to develop infrastructure for leveraging volunteers for local Citizen Corps, Voluntary Organizations Active in Disaster (VOAD), and Community Emergency Response Teams. In 2003, AmeriCorps*VISTA supported 26 homeland security projects with 83 members. In total, AmeriCorps*VISTA provided \$283,000 for homeland security projects.

Engaging Children and Youth

According to the U.S. Census, nearly 38 percent of American children, or 29 million children, live in low-income families. Of those, 7 percent live in extreme poverty, meaning their parents' income was one-half of the federal poverty level (National Center for Children in Poverty). AmeriCorps*VISTA worked to ensure that children and their low-income families have an opportunity to achieve their fullest potential by supporting initiatives such as family formation, healthy marriages, family literacy, reducing at-risk youth behaviors, child care, and after-school programming.

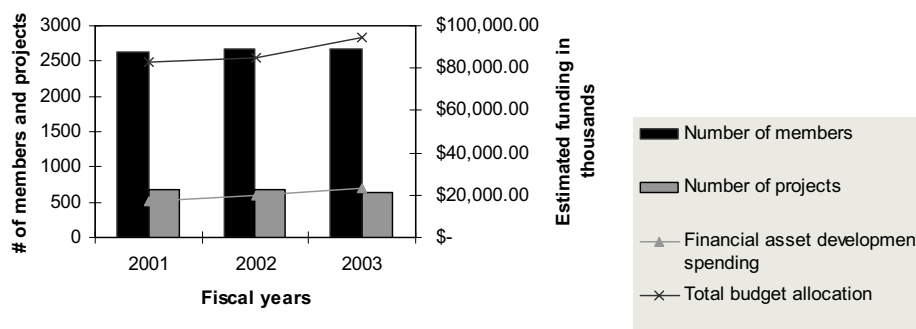
In 2003, AmeriCorps*VISTA supported 412 projects serving children and youth, with 1,717 members. In total, AmeriCorps*VISTA provided more than \$15.3 million for children and youth initiatives.

Developing Assets for the Poor

According to the Federal Reserve Board, an estimated 10 million U.S. households have no savings or checking accounts (Federal Reserve Board. *Survey of Consumer Finances*. 2001). This population tends to include low-income families that often face multiple barriers to developing assets and becoming financially secure. Programs that focus on wealth creation can help a low-income individual save money and build equity in physical assets, such as a home. Acquiring equity and generating savings are critical to helping move people permanently toward self-sufficiency.

In 2003, AmeriCorps*VISTA supported 631 financial asset development projects, with 2,663 members serving in areas such as home ownership, individual development accounts, microenterprise development, technology access, and job training. In total, AmeriCorps*VISTA provided more than \$23.5 million for financial asset development projects.

AmeriCorps*VISTA and Financial Asset Development Initiatives



Source: AmeriCorps*VISTA information systems. Note: Funding allocations were estimated using the following formula: number of volunteer service years (VSYs) allocated multiplied by average cost per VSY in FY 2001, FY 2002, and FY 2003.

Strengthening Accountability for Results

AmeriCorps*VISTA will continue to support its projects' efforts to demonstrate results through performance measurement. Beginning in FY 2004, AmeriCorps*VISTA will implement new performance measurement requirements for all new and renewing projects. Within their AmeriCorps*VISTA Project Application Work Plan, applicants must identify a central goal from which to measure three to five proposed results (at least one output, one intermediate outcome, and one end outcome). The performance measurement expectations were designed in order to empower organizations to determine their own priorities and ways to measure their achievement; increase the capacity of community-based organizations to better analyze the impact of their work and use that analysis for program improvement purposes; generate new and better information to inform the policies, training, and technical assistance provided by AmeriCorps*VISTA; and demonstrate the value and impact of community-based projects and national service to a broad range of stakeholders.

Leveraging Volunteers and Dollars

For decades, AmeriCorps*VISTA has developed systems and structures within nonprofit organizations to effectively engage volunteers in long-term, meaningful service. AmeriCorps*VISTA members help train volunteers, develop volunteer management systems, and foster greater volunteer involvement within the projects and organizations they serve. As mentioned in project examples, AmeriCorps*VISTA members are also instrumental in identifying and pursuing funding sources for community initiatives through grant writing, in-kind solicitations, and other innovative fundraising endeavors.

According to the last comprehensive study of the program, on average each AmeriCorps*VISTA member generates more than \$15,000 in cash and in-kind donations and recruits more than 50 volunteers who in turn perform an average of 23 hours of volunteer service (Aguirre International. *1999 AmeriCorps*VISTA Accomplishments*. 2000).



AmeriCorps*VISTA Performance Indicators, FYs 1999–2003

Performance Indicators	Type of Measure	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of AmeriCorps*VISTA projects. Source: <i>VISTA Management System. CNCS.</i>	Output	1,588	1,164	1,639	1,637	1,541	1,150	Yes
Number of AmeriCorps*VISTA service years completed. Source: <i>VISTA Management System. CNCS.</i> ²⁷	Output	5,684	5,906	6,132	5,826	5,569	5,800	No
Percent of members completing their terms of service. Source: <i>VISTA Management System and National Service Trust Database. CNCS.</i>	Output	N/A	88.1%	92.4%	90%	93.8%	85%	Yes
Number of members serving with faith-based projects and collaborations. Source: <i>VISTA Management System. CNCS.</i>	Output	738	977	1,488	1,859	2,156	N/A ²⁸	N/A ²⁸
Number of members serving with children and youth projects. Source: <i>VISTA Management System. CNCS.</i>	Output	1,622	1,656	1,755	1,797	1,717	N/A ²⁸	N/A ²⁸
Number of members serving with homeland security projects. Source: <i>VISTA Management System. CNCS.</i>	Output	N/A	N/A	N/A	1	83	N/A ²⁸	N/A ²⁸
Number of members serving with financial asset development projects. Source: <i>VISTA Management System. CNCS.</i>	Output	1,810	2,168	2,630	2,669	2,663	N/A ²⁸	N/A ²⁸

²⁷ A volunteer service year (VSY) equals one full year of service (365 days). Dividing the number of days a member serves during a fiscal year by 365 produces the VSY production. Both appropriated and non-appropriated service year production is included in this indicator.

²⁸ This is a new measure; performance goals are under development.

SENIOR CORPS

About the Programs

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

What We Accomplished

In 2003, approximately 533,000 Senior Corps volunteers served in their local communities through a network of 1,318 RSVP, Foster Grandparent, and Senior Companion projects funded by the Corporation and other sources nationwide. Together these participants contributed more than 118 million hours of service.

Strengthening Accountability for Results

In FY 2003, when the Corporation adopted its Performance Measures Initiative, the Senior Corps built on its Programming for Impact (PFI) approach, an outcome-based model, to incorporate the following standards:

- Beginning July 1, 2003, Senior Corps grantees were required to nominate three to five performance measures that they plan to achieve and to document these measures in their grant applications, against which they will report semiannually.
- Grantees must nominate their own performance measures, including at least one output, one intermediate outcome, and one end outcome. Each performance measure must have corresponding indicators and identifying measurement tools.

Supporting Faith-Based and Other Community Organizations

Senior Corps programs are a sustained presence in community faith-based networks. In Senior Corps, two categories of organizations are engaged in faith-based partnerships:

- **Grantees.** These faith-based organizations receive funding from the Corporation to sponsor Senior Corps projects. Grantees work with community organizations to place volunteers. Corporation funding supports project administration and volunteer expenses.
- **Volunteer Stations.** “Volunteer stations” are the community organizations where Senior Corps volunteers actually perform their service. Nationwide, there are more than 75,000 volunteer stations. Each of the 1,318 Senior Corps projects places volunteers in about 60 volunteer stations.

In 2003,

- a total of 143 or 10 percent of all Senior Corps grantees were faith-based organizations;
- these faith-based organizations received a total of \$28.1 million in Corporation funding to operate Senior Corps projects;



- a total of 55,000 Senior Corps volunteers, or 11 percent of all Senior Corps volunteers, were enrolled in projects sponsored by faith-based organizations;
- a total of 8,250 volunteer stations, or 11 percent of all volunteer stations, were faith-based organizations; and
- a total of 42,151 Senior Corps volunteers, or 7 percent of all Senior Corps volunteers, served in faith-based volunteer stations.

Leveraging Volunteers and Dollars

Senior Corps programs have a long history of generating financial and in-kind support from state and local governments, United Ways, foundations, businesses, and the corporate sector:

- For a number of years in RSVP, the non-Corporation funding for local projects has been 50 percent of the total costs, well in excess of the 30 percent required match. Six local projects are supported totally from non-Corporation sources. In FY 2003, the total non-Corporation funding from all sources was \$55.8 million, and in 2002²⁹, 28 states appropriated a total of \$6,386,843 for RSVP.
- In recent years, non-federal contributions for the Foster Grandparent Program and Senior Companion Program have ranged from 27 to 42 percent, compared to the 10 percent required match. Nine Foster Grandparent and thirty-two Senior Companion projects are wholly non-Corporation funded. In 2003, the total non-Corporation funding from all sources was \$67.8 million for the Foster Grandparent and Senior Companion programs. In 2002³⁰, states appropriated over \$17 million for Foster Grandparent and Senior Companion Programs.

Evaluation

At the end of FY 2003, the Corporation initiated a major data collection study that will show the impacts and effectiveness of the RSVP, Foster Grandparent, and Senior Companion Programs. Findings will include data on outputs, intermediate outcomes, and end outcomes tied to Senior Corps' performance indicators. This study will provide Senior Corps management with a valuable station-level perspective.

Also in 2003, the Corporation published findings of a rigorous evaluation to quantify the benefits and outcomes for clients and client caregivers of Senior Companion services. The study found that Senior Companion clients demonstrated significant mental health benefits at both three-month and nine-month follow-ups, and family caregivers indicated that Senior Companions improved their ability to cope with the responsibility of caring for a frail family member.

RSVP

Established in 1971, RSVP is a national network of 757 local grantees with more than 480,000 volunteers age 55 and over serving through a network of 65,000-plus nonprofit organizations and public agencies serving as placement sites or "volunteer stations." Their many activities include mentoring children, recruiting other volunteers, coordinating blood drives, testing drinking water for contaminants, organizing Neighborhood Watch programs, and lending business and management expertise to community groups.

²⁹ 2002 is the last complete data collection year for this information.

³⁰ 2002 is the last complete data collection year for this information.

RSVP is a very flexible program. RSVP volunteers choose how, where, and how often they want to serve, and commitments range from a few hours a week to 40 hours per week, depending on the volunteers' interests and the agency's needs. The most frequently reported RSVP volunteer service schedule is four hours per week. RSVP volunteers are eligible to receive reimbursement for mileage service and insurance coverage while on assignment but do not receive monetary incentives or stipends.

RSVP expanded opportunities to serve in 2003 in the following ways:

- A total of 43 existing RSVP grantees received \$1,245,600 in grant expansions to add a total of 2,100 new budgeted volunteers. The volunteers will focus on homeland security activities and mentoring children of prisoners and children in foster care.
- RSVP increased the number of volunteers providing mentoring, tutoring, and constructive guidance and feedback services to children and youth by 10 percent.

Serving their communities, RSVP volunteers:

- mentored 5,125 children of prisoners;
- gleaned, organized, or packed food for a food bank, distributing 29.6 million pounds of food to help feed 1.5 million people;
- conducted more than 123,000 community safety patrols, freeing up 547,000 hours of police officer and professional law enforcement time;
- participated in disaster response, relief, recovery, and mitigation during more than 9,000 emergencies and fires to benefit 2.3 million individuals; and
- helped provide transportation services to more than 130,000 individuals—driving more than 8 million miles to help clients keep doctor appointments and run necessary errands.

Foster Grandparent Program

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

Each year, more than 31,000 Foster Grandparents serve through a network of 338 local projects nationwide funded with Corporation and non-Corporation funds. These grantees in turn work with more than 10,000 community organization volunteer stations or volunteer placement sites, both faith-based and secular, that supervise the Foster Grandparents during their service.

Foster Grandparents serve schedules ranging from 15 to 40 hours per week, during which they provide one-on-one service to children and youth. Foster Grandparents must be age 60 or over and must have incomes at or below 125 percent of poverty to receive the monetary stipend of \$2.65 per hour. In addition to the stipend, Foster Grandparents receive accident, liability, and automobile insurance coverage, if needed, during their assignments.



The Foster Grandparent Program expanded opportunities to serve in 2003 in the following ways:

- A total of 23 existing Foster Grandparent grantees received \$1,435,500 in grant augmentations to add a total of 324 new volunteer service years. The new Foster Grandparents will focus on mentoring children of prisoners and children in foster care.
- A total of four new Foster Grandparent projects were awarded in geographic areas that were previously unserved by Foster Grandparents. A total of \$4,154,300 was awarded, adding 148 new volunteer service years.

Serving children and youth, Foster Grandparents:

- provided supportive and school readiness services to 188,000 children in Head Start centers and day care centers;
- mentored 27,000 children in grades 7–12;
- mentored 104,000 children in kindergarten through 6th grade;
- provided support to and mentored 47,000 young offenders or ex-offenders;
- visited and nurtured 53,000 hospitalized children; and
- helped 30,000 children prepare for and recover from medical operations and procedures.

Senior Companion Program

Senior Companions assist frail, homebound individuals, most of them elderly, with daily living tasks such as bill paying, buying groceries, and finding transportation to medical appointments, helping them retain their dignity and independence. They also provide companionship and support to their clients, many of whom are isolated and living alone. While some Senior Companions serve in community settings such as adult day care or respite centers, the overwhelming majority of Senior Companions serve directly in the private homes of their clients, where their care may provide respite for clients' family caregivers. Senior Companions receive ongoing training in topics such as Alzheimer's disease, stroke, diabetes, and mental health, and they alert doctors and family members to clients' potential health problems.

Each year, almost 17,000 Senior Companions serve through a network of 237 local projects nationwide funded with Corporation and non-Corporation funds. These grantees in turn work with more than 3,500 community organizations, both faith-based and secular, that are responsible for supervising and overseeing the services of the Senior Companions.

The Senior Companion Program, like the Foster Grandparent Program, provides persons age 60 and over with the opportunity to serve those in need. Companions who have incomes at or below 125 percent of poverty are eligible to receive an hourly stipend of \$2.65. Senior Companions serve weekly schedules ranging from 15 to 40 hours per week.

The Senior Companion Program expanded opportunities to serve in 2003 in the following ways:

- A total of 14 existing Senior Companion grantees received \$625,700 in grant expansions to add a total of 135 new volunteer service years.

- Two new Senior Companion projects were started in currently unserved geographic regions. The total amount for these new grants was \$411,200, adding 90 new volunteer service years.

Serving frail adult and other clients, Senior Companions:

- provided companionship, friendly visiting, and peer support to more than 68,000 frail adults to ease feelings of loneliness and social isolation;
- provided respite for more than 20,000 caregivers of frail adults;
- helped with services such as light housekeeping and meal preparation for more than 25,000 frail adults in their homes; and
- drove more than 16,000 clients to the grocery store, on other errands, and for doctor visits, logging more than 3 million miles.

Senior Demonstration Program

The Senior Demonstration Program encourages innovation and experimentation with varying models of senior service that are not part of the Foster Grandparent, Senior Companion, or RSVP framework. The goal of the program is to find the best way to tap the vast civic potential of the coming baby boom generation: the largest, best-educated, healthiest, wealthiest, and longest-living generation of seniors in the nation's history.

In 2003, the Senior Demonstration Program

- continued to support the Senior Corps web-based recruitment system first launched in 2003, including system enhancements and maintenance;
- expanded the number of volunteer opportunities available from 100,000 in FY 2002 to more than 500,000 in 2003;
- expanded the number of organizations not affiliated with Senior Corps posting volunteer opportunities on the web-based recruitment system from 65 in FY 2002 to more than 150 in 2003; and
- launched a new promotional campaign called “Ask a Friend” designed to attract and match senior volunteers with service opportunities.

Senior Corps met two of its three Senior Demonstration Programs performance measures in FY 2003. However, the goal to recruit 100,000 new senior volunteers via the web-based recruitment system was not met. A total of 2,000 volunteers were matched by the end of 2003; far short of the projected 100,000.

As a part of the Senior Demonstration Program, Senior Corps also launched a new promotional campaign in 2003 called Ask a Friend. Ask a Friend was developed to help attract 100,000 new volunteers age 55 and older to opportunities in their communities. Envisioned as a bold national strategy to recruit significant numbers of new senior volunteers, the Ask a Friend promotional campaign also did not meet expectations. Senior Corps believes that lessons learned from the disappointing Ask a Friend promotional campaign will help to guide new and more successful recruitment and promotional efforts in 2004.



RSVP Performance FYs 1999-2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of federally funded RSVP projects. Source: <i>Grants Tracking Database. Senior Corps. CNCS.</i>	740	755	753	753	752	753	Yes ³¹
Number of federally funded RSVP volunteers. Source: <i>Grants Tracking Database. Senior Corps. CNCS.</i>	466,900	473,700	480,000	480,000	484,168	480,000	Yes
Percent of RSVP volunteers serving in outcome-based assignments. ³² Source: <i>eGrants, CNCS.</i>	32%	53%	57%	60%	64%	50% ³³	Yes

Foster Grandparent Program Performance FYs 1999-2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of federally funded Foster Grandparent projects. Source: <i>Grants Tracking Database. Senior Corps. CNCS.</i>	309	319	321	323	329	323	Yes
Number of federally funded Foster Grandparent service years budgeted. Source: <i>Grants Tracking Database. Senior Corps. CNCS.</i>	22,900	23,100	23,300	23,968 ³⁴	24,389	23,968	Yes
Number of children with special and exceptional needs served annually by Foster Grandparents. Source: <i>Project Profile and Volunteer Survey. Senior Corps. CNCS.</i>	180,000	214,300	275,200	275,000	281,000	280,000	Yes
Percent of Foster Grandparents covered by Volunteer Assignment Plans. Source: <i>eGrants, CNCS.</i> ³⁵	64%	84%	90%	90%	99%	90% ³⁶	Yes

³¹ Total number of Corporation-funded RSVP projects. The total number of individual projects fluctuates throughout the year, due to sponsor relinquishments, replacement sponsors, or projects combining service areas so that 2 individual projects become 1 larger project. In FY 2003, a total of 37 RSVP grantees underwent a sponsor or geographic location change. The goal is flagged as “met” because the total amount of RSVP grant funds was awarded: a net loss of \$0 grant funds although a net loss of 1 individual project.

³² Outcome-based assignments engage volunteers in activities that will contribute to meeting a community need as identified by key stakeholders in the community. The results of the service must be measurable and there must be a system in place for reporting the information.

³³ The goal refers to the percentage set as a threshold in the GPRA performance plan, against which actual results are measured.

³⁴ This indicator does not address the total number of service years actually filled, but rather the budgeted service years made available through federal funding.

³⁵ Volunteer Assignment Plans include a written description of a Foster Grandparent’s assignment with a child. The plan identifies specific outcomes for the child served and the activities of the Foster Grandparent.

³⁶ The goal refers to the percentage set as a threshold in the GPRA performance plan, against which actual results are measured.

Senior Companion Program Performance FYs 1999-2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of federally funded Senior Companion projects. Source: <i>Grants Tracking Database. Senior Corps. CNCS.</i>	157	175	178	188	191	190	Yes
Number of federally funded Senior Companion service years budgeted. Source: <i>Financial Status Reports from Grantee. Senior Corps. CNCS.</i>	8,750	9,194	9,400	9,666 ³⁷	9,896	9,666	Yes
Number of frail, homebound, usually elderly clients served annually by Senior Companions. Source: <i>Project Profile and Volunteer Activity Survey. Senior Corps. CNCS.</i>	61,000	52,600	61,300	61,000	61,000	61,000	Yes
Percent of Senior Companions covered by Volunteer Assignment Plans. Source: <i>Project Progress Report from Grantee to State Office. Senior Corps. CNCS.</i> ³⁸	74%	84%	90%	93%	94%	90% ³⁹	Yes

Senior Demonstration Program Performance FYs 1999-2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of volunteer opportunities available capable of immediately enrolling senior volunteers. Source: <i>Senior Corps web-based recruitment system, CNCS.</i>	N/A	N/A	N/A	N/A	550,000	300,000	Yes
Number of organizations not affiliated with Senior Corps posting opportunities on the web-based recruitment system. Source: <i>Senior Corps web-based recruitment system, CNCS.</i>	N/A	N/A	N/A	N/A	159	100	Yes
Number of confirmed volunteers matched with volunteer opportunities. Source: <i>Senior Corps web-based recruitment system. CNCS.</i>	N/A	N/A	N/A	N/A	2,000	100,000	No

³⁷ This indicator does not address the total number of service years actually filled, but rather the budgeted service years made available through federal funding.

³⁸ This indicator tracks the progress of Programming for Impact in the national Senior Companion Program, network. The “written assignment description” includes the specific tasks that the Senior Companion will engage in, as well as the measurable outcomes for the adult clients served. The written assignment description then provides a tool to track the progress of the clients served, including specific accomplishments facilitated by the Senior Companion through service.

³⁹ Goal refers to the percentage set as a threshold in the GPRA performance plan, against which actual results are measured.



SPECIAL VOLUNTEER PROGRAMS

About the Programs

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

Homeland Security Grants

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

Some of their activities include:

- helping cities and states use volunteers to develop and carry out emergency response plans;
- expanding Citizen Emergency Response Teams and Volunteers in Police Service;
- training community members of all ages to understand and cope with acts of terrorism;
- providing information to low-income communities about how to respond to bioterrorism;
- developing public health strategies for responding to municipality-wide emergencies; and
- creating Volunteer Organizations Active in Disasters in areas that lack them.

In FYs 2002 and 2003, 17 Special Volunteer Program homeland security grants were awarded to national and local nonprofit agencies such as the American Red Cross and the American Radio Relay League, as well as cities, counties, and state commissions on national and community service. In FY 2003, with Corporation funding of \$4.8 million, the grants support a budgeted 16,400 volunteers providing a variety of homeland security activities.

In FY 2002, the first year of the Special Volunteer Program homeland security grants, eligible volunteers could be of any age, although it was expected that a significant number would be age 55 or over.

Special Volunteer Program homeland security grantees started their second year of operation in September 2003. To date⁴⁰ more than 36,800 volunteers actively served together more than 671,000 total hours.

About the volunteers:

- Forty percent, or 14,265 volunteers, are age 55 and over and 22,630, or 60 percent, are age 54 or younger.
- More than 4,000 are veterans.

⁴⁰ Source: Grantee Quarterly Progress Reports, as of second quarter of grant operation, 2002.

- More than 5,000 helped with community homeland security events such as community fairs, training sessions, and community information group meetings.
- More than 2,400 serve in assignments specifically to recruit other volunteers from the community; together they have recruited 5,513 community volunteers, or a ratio of 3 leveraged volunteers for every Special Volunteer serving. Of the volunteers they recruited, 66 percent, or 3,619 volunteers, are age 55 and over.

The 17 grantees worked with:

- more than 800 faith-based community partners;
- more than 200 chapters of the American Red Cross; and
- more than 225 FEMA or emergency management agencies; and
- helped to establish or support more than 240 Citizen Corps Councils.

In FY 2003, volunteer recruitment shifted to emphasize seniors. The grants were renegotiated to recruit and place Special Volunteers who serve in an ongoing capacity and leverage other community volunteers.

Special Volunteer Program homeland security grantees started their second year of operation in September 2003. Beginning in 2003, all Homeland Security Special Volunteer Programs are required to self-nominate performance measures to which they agree to be held accountable by the close of their three-year grant cycles. Each grantee is required to select at least one output, one intermediate outcome, and one end outcome, each with corresponding indicators and identifying measurement tools. Grantees then use their semiannual progress reports to update the status of each performance measure.

Special Volunteer Program - Homeland Security - Performance FYs 1999–2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of federally funded Special Volunteer Program homeland security grantees Source: <i>eGrants, CNCS</i> .	N/A	N/A	N/A	17	17	17	Yes
Number of federally funded volunteers budgeted. Source: <i>Grantsbase 2002; eGrants 2003, CNCS</i>	N/A	N/A	N/A	Baseline	16,400 ⁴¹	16,400 ⁴²	Yes
Number of volunteers who served. Source: <i>Grantee quarterly progress reports</i> .	N/A	N/A	N/A	Baseline	36,800	28,000	Yes
Number of volunteers leveraged by Special Volunteers.	N/A	N/A	N/A	Baseline	5,523	2,000	Yes

⁴¹ As noted earlier in the chapter, enrollment in the Special Volunteer Program homeland security was not limited exclusively to volunteers age 55 and over in 2002 and 2003, although 2003 increased the emphasis on older volunteers.

⁴² This figure refers to volunteers actively serving, rather than budgeted.



Parent Drug Corps

At the end of FY 2003, a one-time grant of \$4.167 million (of the \$4.967 million total appropriation) was awarded to National Families in Action of Atlanta, GA, to develop a national training system and network of volunteer parents engaged in a nationwide substance abuse prevention effort over a period of three years. The remaining \$800,000 will support an independent evaluation of the Parent Drug Corps Program.

Using a “train the trainer” model, organizations will work with coordinators to train and support volunteer parents of children age 18 and under in providing drug prevention training. The goal of the program is to provide evidence-based training to increase parents’ skills in communication, management, and discipline aimed at reducing children’s risk for substance abuse, as well as creating a community-based support network for parents committed to substance abuse prevention. The Corporation will subsequently evaluate the implementation and impact of the Parent Drug Corps.

LEARN AND SERVE AMERICA

About the Program

Learn and Serve America programs strengthen America’s tradition of volunteering by integrating service with academic curricula, a practice known as “service-learning.” As the federal government’s grant program dedicated to service-learning, Learn and Serve America leads the way in the growth and improvement of service-learning in America’s schools, higher education institutions, and community-based organizations. To reach these organizations and, subsequently, service-learning participants, Learn and Serve funds are granted through five sectors (see table).

Learn and Serve America Funding

Category	Eligible Applicants	Program Scope	Participants
School-based formula	State education agencies only	Must make subgrants in one state	K-12 students
School-based competitive	State education agencies <i>Grant-making entities</i>	Must make subgrants in one state <i>Must make subgrants in two or more states</i>	K-12 students
Indian tribes and U.S. territories	Federally-recognized Indian tribes <i>U.S. territories</i>	May be single school or may make subgrants to multiple schools <i>Must make subgrants in one territory</i>	K-12 students
Community based	State commissions on national and community service <i>Grant-making entities</i>	May make subgrants in one state <i>May make subgrants in two or more states</i>	Youth, ages 5-17
Higher education	Individual higher education institutions <i>Consortia of higher education institutions, which may include public or private nonprofits</i>	One higher education institution <i>Multiple higher education institutions</i>	Students, faculty, and staff of higher education institutions and individuals in the surrounding community

According to a 1999 evaluation of Learn and Serve America programs, middle and high school students participating in high-quality Learn and Serve America programs contribute, on average, 73 hours of service annually. This intensive service experience has been shown to produce a positive and statistically significant impact on school engagement, acceptance of cultural diversity, and service leadership.⁴³ In addition, the vast majority of service-learning participants (95percent) reported that they were satisfied with their community service experience, while 99.5 percent of the school and community agencies where

⁴³ “National Evaluation of Learn and Serve America,” Brandeis University, 1999. See also “Colorado Department of Education Service-Learning: Evaluation Report,” RMC Research Corporation, November 2002.



students conducted their service reported that their overall experience with the program was good or excellent.⁴⁴

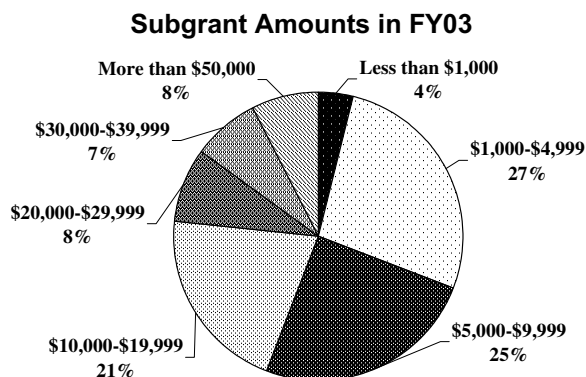
Further research has demonstrated that students who attend schools that provide civics education and service opportunities are more likely to be engaged with their schools and their local communities.⁴⁵ When these opportunities are combined with in-class discussion (service-learning), the benefits are even greater. Among high school and college volunteers, those given the opportunity to reflect on their experiences in a classroom are more than twice as likely to volunteer regularly as those not given the opportunity.⁴⁶ In addition, long-term benefits of service-learning are seen in the Independent Sector finding that two-thirds of adult volunteers began volunteering when they were young (under 18).⁴⁷

With its dedication to enhancing both short- and long-term positive impacts for its grantees and participants, Learn and Serve America fosters an ethic of service while working to expand and institutionalize service-learning in the organizations and institutions that serve America's youth. Through these efforts, Learn and Serve America will help to strengthen our country's civic traditions.

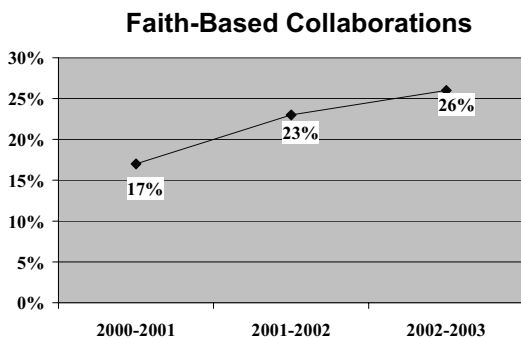
What We Accomplished

In FY 2003, Learn and Serve America administered the final year in a three-year grant cycle, awarding 49 formula grants, 25 school-based competitive grants, 11 tribal grants, 22 community-based grants, and 55 higher education grants. These grants were in turn used to fund over 2,400 service-learning programs across the country.⁴⁸

Through its annual LASSIE survey, 1,591 Learn and Serve America programs reported that they engaged 1,152,059 participants, with a mean of



781 participants per program.⁴⁹ On average, participants performed 21 hours of service during the program year, for a total reported number of service hours of 10,561,432.⁵⁰ According to data reported in 2003, 90,044 teachers, faculty, administrators, and community-based organization staff assisted in implementing these service-learning programs.⁵¹ In addition, as Learn and Serve America continued to encourage grantees to work with small community-based nonprofits and faith-based organizations, the percentage of collaborations with



⁴⁴ Ibid.

⁴⁵ "The Civic and Political Health of the Nation: A Generational Report," CIRCLE, September 2002.

⁴⁶ Ibid, page 33.

⁴⁷ "Engaging Youth in Lifelong Service," Independent Sector, November 2002.

⁴⁸ Grant amounts based on grantee reporting through 2002-03 LASSIE, N=1496.

⁴⁹ LASSIE is the acronym for Learn and Serve America's annual survey instrument. LASSIE relies on individual subgrantee self-reporting, and it is estimated that 70 percent of subgrantees reported through LASSIE in 2002-03.

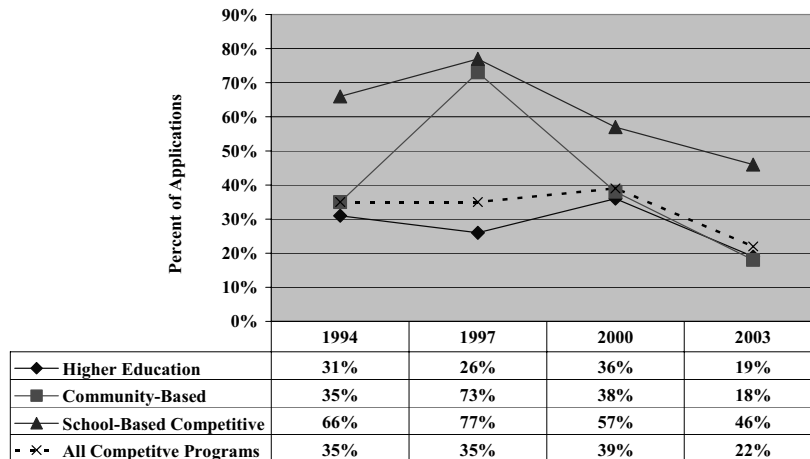
⁵⁰ While the LASSIE survey asks for the total number of service hours by participants, some subgrantees may have misreported the number of service hours. Those cases with less than 2 service hours per participant were excluded; N=1049.

⁵¹ 2002-03 LASSIE survey, N=1419.

faith-based organizations steadily increased from 17 percent in FY 2001 to 26 percent in FY 2003.⁵²

During 2003, Learn and Serve America held a competition for a new round of three-year grants and received a record number of applications for its community-based and higher education sectors. Strategic outreach efforts and a more targeted grant strategy helped to make it the most selective grant competition in the program's history. Of 384 competitive applications submitted, 84 (22 percent) were chosen for funding.⁵³

Learn and Serve Grant Competitiveness



With technical assistance from program staff, 97 percent of the applicants (424 out of 434) utilized the electronic grants management system, eGrants. Learn and Serve America also provided remote technical assistance to its grantees and the public through the National Service-Learning Clearinghouse. The Clearinghouse provides tools and resources to the public, and, between April and September of 2003, there were nearly 40,000 visitors to the Clearinghouse website. In addition to the over 40,000 copies of the *Students in Service to America* guidebook that were downloaded from the website, the Clearinghouse distributed over 130,000 hard copies during 2003.⁵⁴

Strengthening Accountability for Results

Learn and Serve America fosters an expanded culture of accountability, and, in FY 2003, it implemented performance measurement requirements at the national grantee and subgrantee levels. Learn and Serve America applicants are required to nominate three to five performance measures as a part of their application, and at least one of the measures must be dedicated to the development of civic skills and knowledge among participants or service beneficiaries. Grantees will be required to report on these measures in progress reports and further applications for funding. Learn and Serve America also began developing a national performance measurement system that will shift its annual performance reporting from process-oriented accomplishments to results-oriented outcomes.

⁵² 2002-03 LASSIE survey, N=1591

⁵³ Learn and Serve America also received and approved 50 Formula grant applications from State Education Agencies. Fifty-one state education agencies are eligible for formula grants, including the District of Columbia and Puerto Rico and excluding South Dakota. In the 2003 competition, Wyoming was the only eligible state not to apply.

⁵⁴ An updated version is planned for 2004.



Diversity in Learn and Serve America in FY03

Race/Ethnicity	% of Participants ⁵⁵	% of U.S. Population ⁵⁶
White	65.4	75.1
African-American/Black	21	12.3
Latino/Hispanic	8.5	12.5
Asian-American	2.2	3.6
Native American/Alaskan Native	1.2	2.4
More than two races	0.8	0.9
Hawaiian/Pacific Islander	0.3	0.1

underserved populations, with 35 percent of its participants from minority populations and 27 percent of its programs located in schools where at least 50 percent of the students are eligible for a school lunch program. These demographics indicate that Learn and Serve America can effectively reach minority and economically disadvantaged groups—two populations that, according to the CPS, have lower volunteer rates than non-minority and non-economically disadvantaged groups. In fact, reaching these groups remains a priority for Learn and Serve America, particularly since research has shown that service-learning programs have significantly stronger, long-term impacts on measures of academic performances for these two groups.⁵⁷

Leveraging Volunteers and Dollars

Learn and Serve America requires its grantees to provide matching funds, thereby leveraging funds in support of its programs and the larger service needs of local communities. In FY 2003, 94 percent of Learn and Serve America grantees provided a one-to-one match to Corporation funds. However, most important to Learn and Serve America is the institutionalization of a culture of service-learning in the nation's schools, higher education institutions, and community organizations with youth service programs. Through policy changes within educational institutions and community organizations, service-learning is incorporated into the organizations' missions and academic curricula. In FY 2003, 46 percent of the Learn and Serve America programs had established a formal service-learning policy, and Learn and Serve America intends to work to incrementally increase the number of programs with a formal service-learning policy in future years.⁵⁸

Research and Evaluation

Learn and Serve America Performance Measurement

In FY 2003, Learn and Serve America initiated efforts to develop a discrete number of national outcomes that will shift its annual performance reporting from process-oriented accomplishments to results-oriented outcome reporting expected by Congress and other stakeholders. A new survey instrument is currently under construction, and Learn and Serve America is working with current grantees and expert advisors to develop common and program-specific outcome indicators for the instrument. The new survey will be implemented in FY 2004, and preliminary data from grantees and subgrantees will be available for the 2004 Performance and Accountability Report.

⁵⁵ Percentages based on 2002-03 LASSIE; N=979 (with a total of 604,590 service-learning participants)

⁵⁶ Percentages based on 2000 U.S. Census

⁵⁷ "National Evaluation of Learn and Serve America," Brandeis University, 1999.

⁵⁸ 2002-03 LASSIE survey, N=1591

Community Higher Education School Partnership (CHESP) Study

This study evaluated Learn and Serve’s Community, Higher Education, and School Partnerships (CHESP) program to identify facilitators and barriers to establishing service-learning partnerships among CHESP partners. The study demonstrated that when the Corporation devotes funds to three-way partnerships, grantees and subgrantees report strengthened capacity to support improved and expanded service-learning activities. The study also led to the production of a resource document of models and strategies used by CHESP grantees and subgrantees.

Learn and Serve America Program Performance FYs 1999–2003

Performance Indicators	FY99	FY00	FY01	FY02	FY03 Actual	FY03 Goal	Goal Met?
Number of students in projects supported by Learn and Serve America. ⁵⁹ Source: <i>Learn and Serve America LASSIE Survey. CNCS.</i>	N/A	1,573,707	1,844,146	1,725,658	1,873,515	1,500,000	Yes
Percentage of programs in schools with at least 50% of students eligible for school lunch or otherwise identified as poor. Source: <i>Learn and Serve America LASSIE Survey. CNCS.</i>	N/A	N/A	27%	41%	32%	N/A	N/A
Percentage of programs that collaborate with faith-based organizations. Source: <i>Learn and Serve America LASSIE Survey. CNCS.</i>	N/A	N/A	17%	23%	26%	N/A	N/A
Percentage of programs with a formal service-learning policy. Source: <i>Learn and Serve America LASSIE Survey. CNCS.</i>	N/A	N/A	N/A	45%	46%	N/A	N/A
Percentage of applicants that used the electronic grant application process, eGrants. Source: <i>eGrants. CNCS.</i>	N/A	N/A	N/A	N/A	97%	N/A	N/A

⁵⁹ These numbers are calculated based on data given by subgrantees to the LASSIE survey, Learn and Serve America’s annual data collection instrument. Learn and Serve America estimates that there are, on average, 2,400 subgrantees. This estimation was used to determine the approximate number of nonrespondents to the survey question on the number of participants in Learn and Serve America programs. The estimated number of nonrespondents was multiplied by the mean number of participants for actual respondents, excluding outliers (where $x = 0$ or $x \geq 50,000$), to calculate the estimated number of nonreported participants. The estimated number of nonreported participants was added to the actual number of reported participants to arrive at an estimated number of total participants in Learn and Serve America programs.



PARTNERSHIP GRANTS

About the Programs

The Corporation for National and Community Service budget for 2003 included two “earmarked” grants. These are a \$10 million grant to the Points of Light Foundation (“the foundation”) and a \$5 million grant for America’s Promise—The Alliance for Youth. Support for the Points of Light Foundation was written into the Corporation’s authorizing legislation, and funds have been requested by the Administration and approved by Congress since the Corporation began operations 10 years ago. Corporation support for America’s Promise began in 2001, as requested by the Administration and as directed by appropriations language.

While funds for the Points of Light Foundation and America’s Promise were included in the Administration’s budget requests for the Corporation, Congress also appropriated funds in 2001 and 2002 for a number of earmarked grants not included in the Administration requests. None of these was included in the 2003 enacted appropriation.

The Points of Light Foundation

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

- identifying successful and promising community service projects and initiatives with nonprofit organizations, corporations, families, and youth and disseminating information about them;
- building the capacity of institutions to support volunteer service;
- developing individuals as leaders to serve as strong examples of a commitment to serving others and to convince all Americans that a successful life includes serving others;
- raising public awareness around the societal benefits of community volunteering; and
- providing leadership through local delivery systems to mobilize volunteers.

The Corporation grant supports the national office of the Points of Light Foundation and the training and technical assistance services it provides to Volunteer Centers, Business Volunteer Programs, and other organizations. With the exception of a few special initiatives and programs, Volunteer Centers, which mobilize and match volunteers, do not receive direct financial assistance from the foundation. A chart illustrates how the \$10 million grant to the Points of Light Foundation was utilized in FY 2003.

In 2003, the Points of Light Foundation accomplished the following:

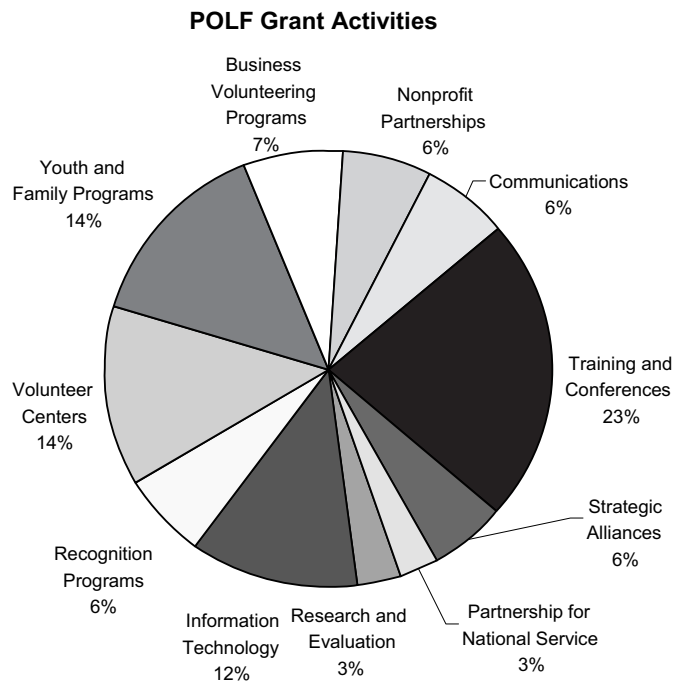
- **Training and Conferences.** The foundation conducts training for Volunteer Center program managers, youth, businesses, nonprofits, and other organizations. In 2003, the foundation provided more than 75 Volunteer Centers with standardized curricula to train local agency volunteer managers. Ninety-five percent of the 2,680 participants who attended the National Conference on Community Volunteering, held in partnership with the Corporation for National and Community Service, said the conference was relevant and useful to their work.
- **Volunteer Centers.** The Points of Light Foundation supports a network of 400 community-based Volunteer Centers, which matched nearly 2.4 million people with over 1 million volunteer opportunities in 2003. The Volunteer Center National Network partners with over 100,000

businesses, nonprofits, and other groups and provides training and technical assistance to over 60,000 local nonprofits.

- **Youth and Family Volunteering.** In 2003, the foundation provided training and technical assistance to Volunteer Centers and supported the Youth Engaged in Service (YES). In 2003, 10,000 Americans participated in National Family Volunteer Day. Approximately 200 new Kids Care Clubs were also developed in addition to the over 1,000 already operating.

Strengthening Accountability for Results

Following a rigorous review of the foundation's grant application and accomplishments, the Corporation encouraged the foundation to develop a set of output measures and indicators for its programs. This is one of a number of steps the Corporation has taken to strengthen its oversight of the foundation grant, which is the Corporation's largest single grant. While the Points of Light Foundation is mentioned by name as eligible for financial assistance in the Corporation's legislation—the only entity so named—it is considered a grant. Thus, the Corporation continues to develop and implement procedures to ensure that the grant is given the same consideration as all other grants and meets all of its fiscal and programmatic grant requirements.



America's Promise

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

- caring adults in their lives, as parents, mentors, tutors, and coaches;
- safe places with structured activities during non-school hours;



- a healthy start and future;
- marketable skills through effective education; and
- opportunities to give back through community service.

America's Promise advocates for children and youth and provides support to a network of "Communities of Promise," made up of community-based groups that are committed to delivering all five Promises and that implement projects in support of young people at the community level. The national organization provides training and technical assistance and brokers partnerships at the national level with corporations; national nonprofit, religious, education and other organizations; state governments; and citizens in support of the work that is conducted by the Communities of Promise. These Communities of Promise help to create effective and well-resourced local collaborations that deliver one or more Promises to millions of kids across the country, strive to strengthen the volunteer capacity of local organizations, and work to develop faith-based and grassroots partnerships in their areas.

America's Promise does not directly administer the Communities of Promise, nor do they provide direct financial assistance through grants or other payments. The Corporation's grant essentially funds the national office of America's Promise, including personnel, office space, travel, research and evaluation, and training and technical assistance activities.

In 2003, America's Promise accomplished the following:

- **Designation of Communities of Promise and Demonstration Sites.** A group of 12 Communities of Promise received Demonstration Site designation—moving to fully operational status through an 18-month intensive support and assistance effort—in July 2003. At least seven Communities achieved effective operational status by the summer of 2003, and 12 are expected to do so by the end of the year. This supports the program's five-year goal of helping 100 Communities of Promise make this transition. These Communities of Promise are important because they assist communities in supporting and strengthening the work of local organizations. Thus, it is crucial that these Communities are fully viable and effective in the assistance that they provide.
- **Creation of States of Promise.** America's Promise is also developing and piloting its States of Promise program to create statewide infrastructures for developing and sustaining Communities of Promise. A State of Promise Forum was held in September 2003, and three states have indicated their readiness to become States of Promise. As with the Demonstration Communities, States of Promise will receive intensive support in the coming year. These States of Promise will be important in strengthening the voluntary service infrastructure where each is located.
- **Adjustment of Staff Resources.** In FY 2003, Congress reduced the America's Promise grant from the request (and prior year level) of \$7,500,000 to \$5,000,000. America's Promise is implementing adjustments in staff to reflect the lower budget level.

Strengthening Accountability for Results

A set of performance metrics, put into place in 2002, now covers key aspects of America's Promise activities. America's Promise will continue to evaluate its work and that of its community partners using this metrics system and a Continuum of Effectiveness assessment tool. The metrics will assist in their development of performance measures and will reinforce and track key goals. The metrics include a number of important activities, the goals they support, six-month and one-year targets, and the measurements used. The overarching goal of these efforts is to have 100 fully effective Communities of

Promise in five years, serving 5 million children and youth, with five percent of all children in the areas they serve receiving all five Promises due to effective local actions. The Continuum of Effectiveness assessment tool allows America's Promise, and each local Community of Promise, to measure the development of Communities of Promise as they become fully effective providers of these five Promises to children and youth.

As with the Points of Light Foundation, the Corporation is working with America's Promise to strengthen efforts to develop performance measures and to assess whether and how the national America's Promise organization is demonstrably contributing to the achievement of the Five Promises for Children and Youth.



INNOVATION, DEMONSTRATION, AND ASSISTANCE ACTIVITIES

About the Program

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

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

Wanting to know that progress toward these goals is being made, the Corporation has included Innovation, Demonstration, and Assistance Activities in its reform and expansion of performance measurement systems. Currently under development are new performance measures that will more closely track the impact of Innovation-funded programs. In future years, beginning with 2004, the Corporation will be better positioned to report performance outcomes in the varied programs supported by these funds. In the interim, the Corporation will continue the practice of reporting on the major activities into which Innovation funding was directed.

What We Accomplished

Leadership Development and Training (\$7,948,000)

Training and Technical Support to Grantees. Following a needs assessment of Corporation-funded grantees, programs, and partners, begun in FY 2002, the Office of Leadership Development and Training developed a new strategic training and technical assistance plan for the Corporation, emphasizing program accountability and sustainability. The following were identified as the most critical training needs in the field (accompanied by the Corporation's response):

- Performance measurement (168 training workshops/3,688 participants);
- Education success/tutoring (56 training workshops/1,285 participants);
- Working with faith/community based organizations (13 training workshops/598 participants);
- Sustainability and volunteer recruitment (33 training workshops/1,124 participants);
- Citizenship/civic engagement (19 training workshops/1,231 participants); and
- Financial management (35 training workshops/607 participants).

In all fields, a total of 731 training workshops were held, attended by 25,834 national service participants. These trainings were supplemented by more than 24,000 follow-up emails and telephone calls providing additional technical support.

National Events. In partnership with the Points of Light Foundation, the Corporation planned and conducted its annual National Conference on Community Volunteering and National Service in Baltimore, MD, with an attendance of 2,680 participants.

In addition, the Corporation conducted national conferences on homeland security and faith-based and small community-based organizations, as well as a national symposium which focused on four areas: the President's mentoring initiative (helping children of inmates); financial asset generation; strengthening families; and empowering faith-based and small grassroots organizations.

Disability Grants (\$5,961,000)

In FY 2003, the Corporation awarded disability grants to state service commissions totaling approximately \$2.5 million. State Service Commissions developed disability placement plans with two goals: 1) to increase the number of people with disabilities who serve in AmeriCorps programs and 2) to provide reasonable accommodations when necessary to assist members in performing community service. These plans delineate the outreach activities and recruitment strategies designed to interest people with disabilities. While it is difficult to provide actual numbers of people with disabilities who are serving because disclosure of a disability is voluntary, state commission plans reported an increase of 5 to 25% in members with disabilities from year 2002 to 2003.

MLK Grants (\$408,000)

On January 20, 2003, thousands of Americans observed the holiday honoring the birth of Dr. Martin Luther King, Jr. by serving their communities. To encourage Americans to memorialize the life and teachings of Dr. King through service to others, the Corporation for National and Community Service awards grants to local organizations to involve individuals and groups in results-oriented community service. To promote service on January 20, 2003, the Corporation awarded approximately \$407,000 in grants to 80 local nonprofit organizations and public agencies. Grants awarded in 34 states helped mobilize volunteers to build homes with Habitat for Humanity, paint schools, plant trees, clean parks, visit seniors in nursing homes and take their oral histories, collect items for homeless shelters, and install smoke detectors.

Challenge Grants (\$5,961,000)

In FY 2003, the Corporation supported a new initiative by awarding grants totaling approximately \$5.9 million to eight local and national nonprofit organizations. The purpose of these challenge grants is to assist nonprofit organizations in securing previously untapped sources of private funds to build sustainable service and volunteer programs. The grantees must either greatly expand services by engaging citizens in meeting community needs or offer new services through expanded citizen engagement. The grantees are in the early stages of their one-year grant and will provide a progress report in April. Grantees must provide at least two dollars in private funding for every federal dollar. Currently, six of the eight grantees have submitted requests to drawdown funds totaling \$1,606,772.40. The grantees have reported receiving match from the following; MetLife; Morgan Stanley Foundation; HOPE worldwide; Ford Motor Co.; Citigroup Foundation, and personal contributions.

Next Generation Grants (\$3,974,000)

The Next Generation Grants is a \$4 million grant competition designed to foster the next generation of national service organizations. This provides seed money to help plan and implement new service programs that have the potential of becoming national in scope. Organizations previously receiving a grant award from the Corporation were not eligible to apply. The Corporation received over 1,100 concept paper applications—a record number of applications for any Corporation grant competition.



Service Learning Clearinghouse (\$725,000)

The Service Learning Clearinghouse provides training and technical assistance to Learn and Serve America grantees, other Corporation programs, and the public through its website, www.servicelearning.org, lending library, listservs, attendance at conferences across the country, and creation of new resources for service-learning. The Clearinghouse provides eight different listservs to a variety of constituents that reach over 1,000 people regularly. These lists generated over 1,500 messages in the last six months and have grown steadily over time. The website exceeded 500,000 page views in the last six months, up from just over 170,000 during the same period last year. Nearly 900 technical assistance calls received support. The Clearinghouse shipped over 3,800 training resource items to users (an increase of 72% from the previous 6 months).

Unified State Plan (\$120,000)

The National and Community Service Act of 1990, as amended, requires state commissions to prepare a national service plan for the state that is developed through an open and public process, covers a three-year period, is updated annually, and ensures outreach to diverse community-based agencies that serve underrepresented populations. In 2002, the Corporation offered commissions the opportunity to apply to be pilot unified state plan states. Pilot states were to explore strategies for how to best integrate the unified state plan process with the allocation of Corporation resources to the state. Six states were selected as pilot states: California, Florida, Mississippi, New Hampshire, Ohio, and West Virginia. These states submitted their integrated plans in 2003, and funds were provided to the pilot states to assist with the development and implementation of these plans. The plans require a significant amount of work on the part of the commissions to develop new partnerships and to implement the goals and objectives. The funds provided by the Corporation covered only a portion of the funds expended toward this effort.

White House Initiatives

Task Force for Disadvantaged Youth (\$100,000). In FY 2003, the Corporation hosted the White House Task Force for Disadvantaged Youth. Created by executive order, this interagency collaborative effort was charged with developing a framework for Federal youth policy, including national and community service programs, that encompasses a comprehensive Federal response under existing authorities and programs to the problems facing America's youth, with a focus on enhanced agency accountability and effectiveness. A final draft of the report (<http://www.ncfy.com/whreport.htm>) was completed in October 2003 and provides a roadmap for improving and strengthening the Federal government's investment in helping disadvantaged youth.

President's Freedom Scholarships (\$300,000). The Presidential Freedom Scholarships provide a \$1,000 college scholarship, \$500 of which is provided by the Corporation and \$500 of which is provided by the community, to high school juniors and seniors who have completed 100 or more hours of service to the community and displayed leadership in service over the previous 12-month period. Scholarship winners also receive a letter from the President and a President's Volunteer Service Awards lapel pin. Each high school is eligible to award up to two scholarships annually. The \$300,000 2003 appropriation supports a cooperative agreement with a vendor to provide technical and administrative support for the program, including marketing, application development and distribution, scholarship verification, and fulfillment. Eligibility is verified at the high school and college for each recipient. In FY 2003, 5,888 Scholarships were awarded; down slightly from the previous year.

Faith-Based and Other Community Initiatives (\$250,000). The Faith and Communities Engaged in Service (FACES) Initiative implements the President's initiative to strengthen the work of faith-based and small community organizations. FACES is guided and implemented by a team of employees representing each department within the Corporation. This internal working group team meets regularly to assess the

initiative's priorities, challenges, and accomplishments and the overall alignment of FACES with the President's faith-based and community initiative.

In FY 2003, the Corporation used faith-based and other community initiative funding to support training and technical assistance activities to faith- and community-based organizations like Catholic Charities, the Salvation Army, Lutheran Social Services and Interfaith Ministries, Jesuit Volunteer Corps, the Christian Appalachian Project, Lutheran Volunteer Corps, and Holy Cross Associates.

President's Council on Service (\$350,000). The mission of the President's Council on Service is to encourage and recognize dedicated commitment to volunteer service and civic engagement by Americans of all ages and backgrounds. The first initiative of the 24-member citizen council is the President's Volunteer Service Award, which was created to recognize those Americans who have made a sustained commitment to serving their communities over a 12-month period. A special President's Call to Service Award recognizes those who have served their communities at least 4,000 hours over the course of a lifetime. In addition to the Award program, the Council works to expand opportunities for individuals to volunteer, especially youth, families, and seniors. Strategies include personal appearances by Council members, special events, press outreach, public service announcements, and "civic fitness" partnerships with schools, government agencies, and businesses.



EVALUATION

About the Program

The Department of Research and Policy Development (RPD) is responsible for conducting high-quality evaluation research, measuring performance and results in accordance with the Government Performance and Results Act (GPRA), and developing and assessing new initiatives and demonstration projects.

Since 2002, RPD has shifted the Corporation's research philosophy and evaluation agenda from qualitative studies of implementation and effective practices to impact studies. The new research and evaluations initiated by RPD are designed to assess the impact of the Corporation's programs on members, participants, volunteers, recipients of services, and communities using scientifically based research methods and rigorous quantitative analyses. To facilitate this shift, the department has recruited an entirely new research staff that has the experience and skills to conduct rigorous quantitative analyses.

What We Accomplished

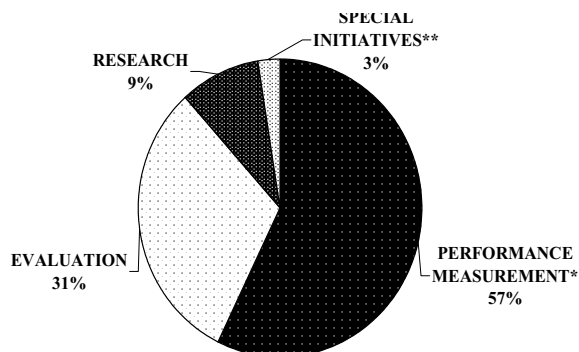
In FY 2003, the Corporation awarded three performance measurement contracts to design and implement performance measurement systems for AmeriCorps, Senior Corps, and Learn and Serve America. This action marks the second phase of the Corporation's performance measurement initiative.⁶⁰ This initiative is complemented by a cross-program requirement, which was instituted in FY 2003, that all applicants for

Corporation funding nominate at least three performance measures for their programs. To assist grantees in fulfilling this requirement, the Corporation, through the Office of Leadership Development and Training, has shifted the focus of its training and technical assistance from the identification of objectives to identifying and measuring program outputs and outcomes.

In addition to the three performance measurement contracts, the department funded several evaluations and research studies in FY 2003. These studies enhance the Corporation's ability to evaluate and improve its programs, as well as link performance and accountability to budget priorities. As the result of two AmeriCorps studies, the Corporation has acquired data on current usage trends of the AmeriCorps education award and the frequency and causes of member attrition. Understanding these issues will allow the agency to improve the administration of the education Trust. A rigorous

examination of the Senior Companion program revealed significant mental health benefits for program participants and caregivers.

Funds Awarded by Activity in FY 2003



*Amount includes funds from Research and Policy Development and the Senior Corps for evaluations and performance measurement activities in Senior Corps programs. ** Special Initiatives in FY 2003 include Parent Drug Corps Grants, CNCS Public Awareness Focus Groups, the White House Task Force for Disadvantaged Youth, and Next Generation Grants.

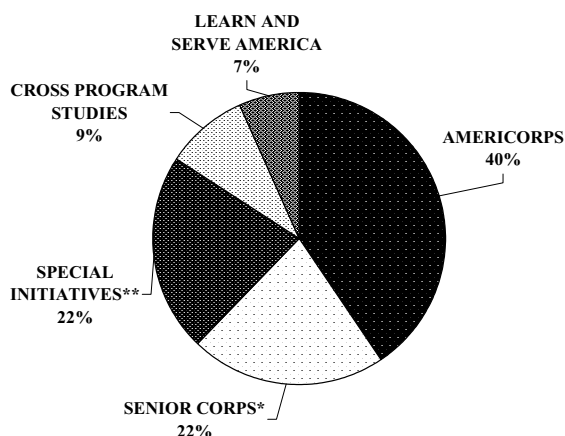
⁶⁰ The first phase of the initiative involved an examination of the Corporation's performance reporting in FY 2002. The Urban Institute provided recommendations for future reporting that were used in implementing the second phase of the initiative. In addition, new performance measurement requirements for all Corporation grantees were implemented in this first phase.

The department also initiated several research studies that are designed to measure and enhance the nation's response to the President's Call to Service. As a part of this effort, the Corporation has undertaken, in collaboration with the UPS Foundation, a volunteer management capacity study of America's charitable organizations; it has also begun a collaborative effort with the Bureau of Labor Statistics and the Census Bureau to measure and track civic involvement and the level of volunteer participation in the United States. These studies, among others, will improve the Corporation's ability to promote civic engagement and volunteerism, as well as strengthen the capacity of local organizations, enabling the Corporation to better fulfill its mission to strengthen communities and meet the nation's human needs.

Policy Development and Strategic Planning

As part of RPD's efforts to continuously improve the Corporation's capacity to report on performance and accountability, the department has initiated the development of a new strategic plan outlining specific long-term performance measures directly linked to annual performance reporting in accordance with GPR. Through the development of this new strategic plan, the Corporation will identify quantifiable performance indicators for each strategic objective, shifting the Corporation's focus, internally and externally, to results-oriented and long-term performance measurement. Combined with the current performance measurement initiative, this effort will allow the Corporation to report on its programs with greater accountability in FY 2004.

Funds Awarded by Program in FY 2003



*Amount includes funds from Research and Policy Development and the Senior Corps for evaluations and performance measurement activities in Senior Corps programs. ** Special Initiatives in FY 2003 include Parent Drug Corps Grants, CNCS Public Awareness Focus Groups, the White House Task Force for Disadvantaged Youth, and Next Generation Grants.

Among its other activities, RPD implemented and managed the Corporation's demonstration grants, including the Parent Drug Corps and the Next Generation Grants competition, and also housed and supported the White House Task Force for Disadvantaged Youth. The department also initiated a new effort to assess the satisfaction of the Corporation's grantees, organizations, members, and the public through a website survey, the performance measurement initiative, and the American Customer Satisfaction Index (ACSI).

The department has also begun to implement studies and performance data collection systems that will greatly increase the Corporation's ability to report on program activities and impacts in future years. However, time is required to create a performance culture within the agency, implement many of the new evaluations and performance measurement systems, and produce quality data to report on the impacts of service programs. In addition, high-quality research and rigorous random-assignment

evaluations require significant expertise and are costly to implement. During FY 2003, less than one-half of 1 percent of the Corporation's budget was used for evaluation and research. Financial limitations pose a significant challenge to RPD's capacity to implement these rigorous studies and thus produce statistically significant findings on the impacts of Corporation programs. RPD faced a 40 percent budget cut in FY 2003 that prevented the Corporation from assessing the impact of AmeriCorps programs in local communities and limited the scope of the accountability system for Learn and Serve America. Further cutbacks on evaluation activities will have a significant negative impact on the Corporation's ability to measure the performance of national service programs and assess their impact on volunteers, organizations and communities.



Highlighted Projects During 2003

The following projects are a partial listing of the research conducted by the Department of Research and Policy Development during FY 2003. Further descriptions of these projects can be found in the relevant program chapters of this report.

Performance Measurement

AmeriCorps Performance Measurement: [On-going] An initiative to collect annual outcome-oriented performance data from AmeriCorps members, AmeriCorps grantees, VISTA projects, and NCCC project sponsors.

Field Network Evaluation Planning Process: [On-going] The planning phase of a national study to evaluate localized implementation and community effects of Corporation programs.

Learn and Serve America Performance Measurement: [On-going] An initiative to collect annual outcome-oriented performance data from Learn and Serve America grantees and subgrantees.

Senior Corps Performance Measurement: [On-going] An initiative to collect annual outcome-oriented performance data from Senior Corps projects, stations, and volunteers.

Program Evaluation

AmeriCorps Attrition Overview Study: [Completed] A study designed to look at the frequency and cause of attrition within AmeriCorps and to help improve the administration of Trust.

AmeriCorps Longitudinal Study of Member Outcomes (Phase II): [On-going] A scientific evaluation to identify the short-term and long-term benefits to full-time AmeriCorps members.

*AmeriCorps*NCCC Community Impact Evaluation:* [Completed] A study to examine the impact and effectiveness of the AmeriCorps*NCCC program on communities.

*AmeriCorps*NCCC Homeland Security Study:* [Completed] A study to examine opportunities for enhancing and building upon NCCC's disaster preparedness activities.

*AmeriCorps*State and National Education Award Utilization Study:* [Completed] A study to identify the factors that explain the usage trends of the education award and to help improve the administration of the Trust.

*AmeriCorps*VISTA Cross-Sectional Study of Member and Supervisor Training:* [Completed] A study to determine member and supervisor satisfaction with training in AmeriCorps*VISTA.

Citizenship Training Materials Implementation and Outcomes Study: [Completed] A scientific evaluation to determine whether citizenship training in AmeriCorps programs promotes attitudes and behaviors of civic engagement among members.

Learn and Serve America's Community, Higher Education, and School Partnerships Study: [Completed] A study to identify the facilitators and barriers to establishing service-learning partnerships among CHESP partners.

Parent Drug Corps Evaluation [Initiated] An evaluation to describe the implementation and assess the impact of the Parent Drug Corps grant program.

Senior Companion Program Quality of Care Study: [Completed] A rigorous evaluation of outcomes for participants and family caregivers in the Senior Companion program.

Research

Current Population Survey Supplement on Volunteerism: [On-going] A survey conducted by the Bureau of Labor Statistics to measure volunteerism through the Current Population Survey.

Volunteer Management Capacity Survey: [On-going] A comprehensive study of the volunteer capacity and volunteer management practices of the nation's charitable organizations.

Special Initiatives

Next Generation Grants: [On-going] A grant program to foster the next generation of national service organizations by providing seed money for new service programs that have the potential of becoming national in scope.

Parent Drug Corps Grant: [On-going] A three-year effort to create a national training system and network of volunteer parents engaged in a nationwide substance abuse prevention effort.

DATA QUALITY

The Corporation recognizes the importance of using and reporting quality data on its performance. The Corporation is committed to creating and using data systems that produce timely, accurate, and useful information for the Congress and the American public. All data included in this report have been certified by representatives of the submitting Corporation programs.

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.

The focus of the Corporation's data quality efforts has been on assessing the internal data system controls and their effect on the accuracy of the performance information. Although the Corporation does not independently verify or validate data received from outside sources, the data are managed appropriately and our procedures for analyzing and reporting performance statistics are replicable. In addition, to ensure the Corporation is reporting data accurately, program managers and data managers are required to certify that the procedures used to analyze and report data received from outside sources are appropriate and replicable. As part of this certification, program managers and data managers certify that they are able to provide the source or sources for the data, the names of the person or organization conducting any analysis needed to produce the result, copies of all tables and computer output showing final tabulations, forms used to collect the data, and a description of any steps taken to ensure that the data are reported accurately.

In 2001, KPMG, under contract to the Office of the Inspector General, conducted an audit of the Corporation's performance measures.⁶¹ The audit made several recommendations that the Corporation is working to implement. Overall, the auditors concluded that data were "reasonably accurate" based on their assessment of the database controls and their effect on the accuracy of the performance information. The audit did not test the controls over database input from sources outside of the Corporation. The assessment confirmed what was already understood within the Corporation: the quality of the data varies based on the degree of decentralization and the ability of programs to assess information reported by outside sources. Some Corporation programs also rely on self-reported and unaudited data, a condition the Corporation is seeking to improve by building new performance measurement systems in all programs.

⁶¹ KPMG LLP. May 18, 2001. Audit of Controls Over the Corporation for National and Community Service's Key Performance Indicators and Accomplishment Statistics. OIG Audit Report Number 01-28.



DONATIONS AND CONTRIBUTIONS

The Corporation plays an important role in promoting an active and engaged citizenry and in helping to build in America a culture of citizenship, service, and responsibility. It does this by forging partnerships with national and community nonprofit organizations, faith-based groups, schools, and local agencies to provide service opportunities for Americans of all ages that help meet locally determined community needs in education, the environment, public safety, homeland security, and other areas.

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.”

Support for the Corporation continues to be strong at both the local and national levels. Many private sector leaders consider their association with the Corporation and its programs to be a strategic investment.

The legislation 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 2003.

In addition to raising funds for its own programs, the Corporation in FY 2003 also worked to secure donations in support of the activities of USA Freedom Corps, a White House initiative on service and volunteerism that includes and directly benefits the Corporation and its programs. Highlights of FY 2003 include

- \$300,000 donated by the UPS Foundation to support a survey by the Bureau of Labor Statistics to accurately gauge the level of volunteer capacity in the United States;
- \$250,000 donated by the UPS Foundation to support development and maintenance of the USA Freedom Corps website;
- \$75,000 donated by the Lynde and Harry Bradley Foundation to support the White House Forum on History, Civics, and Service; and
- \$30,000 donated by the A&E Network to support the White House Forum on History, Civics, and Service.

In addition, in August 2002 the Corporation launched new multimedia bilingual public service ads for television and radio to recruit Senior Corps volunteers and AmeriCorps members. In 2003, the media donated an estimated \$9 million in time and space to these public service messages. Nearly 7,000 television and radio stations received the spots.

The following schedule lists the receipts and expenses paid from the Gift Fund in FY 2003 and 2002, respectively.

Supplemental Information on the Source and Use* of Donations

		2003		2002	
Source of Funds	Use of Funds	Receipt	Expense	Receipt	Expense
UPS Foundation	Support for USA FreedomCorps web site and national nonprofit capacity study	\$ 550,000	\$ 121,902	\$ –	\$ –
A&E Television Networks	Support for summit on History, Civics and Service	30,000	23,081	–	–
Bradley Foundation	Support for summit on History, Civics and Service	75,000	60,224	–	–
Walt Disney Company	Corporation projects in support of USA Freedom Corps	–	–	500,000	463,751
Best Buy	Grants for the MLK – Day of Service	–	5,065	200,000	190,383
Land O' Lakes	Entrepreneur Corps technology project	–	–	35,000	–
Merrill Lynch	Corporation projects performed jointly with USA Freedom Corps	–	–	10,000	–
NBA	Support for middle school projects and the AmeriCorps*NCCC D.C. Campus	–	–	–	32,135
Kellogg Foundation	Training and Technical Assistance	–	(2,334)	–	14,196
Other Donors	Miscellaneous specified purposes	50	134	620	516
Other Donors	Miscellaneous unspecified purposes	3,433	–	1,094	810
Total		<u>\$ 658,483</u>	<u>\$ 208,072</u>	<u>\$ 746,714</u>	<u>\$ 701,791</u>

* 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. For example, the Corporation has obligated \$280,035 of the UPS Foundation gift for a national nonprofit volunteerism study that is just underway.



FINANCIAL MANAGEMENT

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Michelle Guillermin
Chief Financial Officer

Achieving good financial standing as a steward of taxpayer funds is crucial to helping the Corporation meet a key strategic goal: developing and maintaining a sound, innovative organization that strengthens the service field. There have been setbacks—the Corporation recognizes that the pause in enrollments for program year 2002 grantees caused significant disruptions in the volunteer community and has revamped its control processes to prevent a reoccurrence of that situation—but there have also been successes: the Corporation is pleased that, for the fourth year in a row, it received an unqualified opinion on its financial statements. The fiscal 2003 audit opinion issued by the Office of Inspector General and the accounting firm Cotton & Company demonstrates the Corporation’s continuing commitment to strong management controls and a sound financial system.

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

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

Although these accomplishments represent significant milestones, the Corporation recognizes that more needs to be done, and it is committed to establishing a work environment that strives for continuous improvement in its operations. To lead this effort, the Corporation has organized a Management Improvement Team (MIT) made up of a multidisciplinary team of Corporation staff. The team is reviewing all facets of the Corporation’s operations and is working to achieve greater accountability and efficiency in the agency and its programs. The team has a threefold mission:

- Examine Corporation operations and management with the aim of improving accountability and increasing cost-effectiveness and efficiency.
- Produce an action agenda that will establish a lasting culture of open communications and management excellence.
- Monitor progress and ensure full implementation of the action plan.

The desired outcome is an organization whose financial management, information management, and human capital management practices are recognized as models for other agencies.

Over the next several months, the team will assess management improvement actions already taken at the Corporation and will ensure the prompt completion of several critical near-term actions, such as ensuring adequate financial and data reporting procedures and clarifying job responsibilities and reporting relationships. In addition, during this first phase of the project, the MIT will take several key steps in building the foundation for longer-term management improvements, including launching a comprehensive “program management review” of all Corporation components and processes and conducting research on “best practices” of other agencies with similar missions and challenges.

Based on their analyses, the team will make recommendations, which may include changes in organizational structure, statutes, policies, regulations, systems, or business procedures at the Corporation. The result will be a detailed, long-term action plan—a “Blueprint for Management Excellence” that will help guide Corporation activities into the future.

A handwritten signature in cursive script that reads "Michelle Guillermin".

Michelle Guillermin
Chief Financial Officer



REPORT ON MANAGEMENT CONTROLS

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.). The statement reflects the Corporation's assessment of whether there is reasonable assurance that management controls are achieving the intended results, reports any material weaknesses in management controls present within the agency, and describes management's current plans to address and correct any deficiencies.

Basis of Fiscal 2003 Assessment

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

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

In addition, management's knowledge of the Corporation's day-to-day operations plays an important role in 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.

Management Control Program

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

- A self-assessment of controls by Corporation managers using a structured questionnaire.
- An examination of all completed questionnaires by CFO staff and an on-site management control assessment to independently test selected areas determined to be the highest risk.
- The provision of feedback, including noting areas for improvement at locations reviewed.
- The documentation of results for analysis and planning future reviews and improvement efforts.

Under the management control program's risk-based approach, certain areas of the Corporation's operations are tested annually (e.g., accounting, grants) and all others on a cyclical basis (at least once every three years). During fiscal 2003, the Corporation surveyed 15 operational areas and performed additional on-site verification testing at 7 of the 15 areas.

Statement of Assurance

The Corporation is responsible for assessing the effectiveness of its internal controls in achieving the following objectives:

- **Reliability of financial reporting.** Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with generally accepted accounting principles.
- **Safeguarding of assets** against loss from unauthorized acquisition, use, or disposition.
- **Compliance with applicable laws and regulations.** Transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements and (b) any other laws and regulations or government-wide policies identified by OMB and Corporation management as being significant and for which compliance can be objectively measured and evaluated.

Based on the Corporation’s evaluation, controls in place on September 30, 2003, provided reasonable assurance that the foregoing objectives were met. With the successful operation of the *Momentum* financial management system, the Corporation continues to comply with Federal financial management system requirements including those specified in the Federal Financial Management Improvement Act.

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

* The source for fiscal 1998 and 1999 data is OIG briefing material provided to Congressional oversight committee staff. The source for fiscal 2000 through 2003 data is the annual OIG financial statement audit.

Status of Grants Management Reportable Condition

The fiscal 2002 Performance and Accountability Report identified grant administration as an area of the Corporation’s operations that needed improvement, citing weaknesses in the Corporation’s grant approval polices and procedures and in its monitoring of grantees.

The Corporation determined that during fiscal 2002 the AmeriCorps program did not adequately consider the impact of education awards when making grant decisions to award national service positions, instead focusing exclusively on available appropriations for AmeriCorps grants and program costs per member. To prevent enrollments in excess of the projected number that could be supported by the Trust, the Corporation suspended the ability of its grantees to enroll members into national service positions that had already been authorized until final Congressional action on the Corporation’s appropriations for fiscal 2003. This suspension did not affect members already enrolled in Corporation programs. After completing its analysis of the estimated impact on the Trust the Corporation determined that it incurred obligations in excess of available balances of \$63.1 million between June 20, 2002 and September 30, 2002. The deficiency was covered by a \$64 million deficiency appropriation enacted in Spring 2003 as part of the war supplemental (P.L. 108-11).



Corrective Actions

Grant Approval Policies and Procedures. To address this control deficiency, the Corporation established new procedures to ensure that AmeriCorps staff take Trust funding needs into account and do not exceed the projected number of positions in making grants for AmeriCorps programs. These procedures include

- estimating total FTE and member slots available within the appropriation and allocating them to programs before any awards are made;
- obtaining CFO certification of the program and Trust costs prior to grant approval;
- recording Trust obligations concurrent with the grant award process;
- automating safeguards in the Web Based Reporting System that prevent grantees from enrolling more members than they were allotted; and
- continuous oversight of Trust enrollments to allow for timely mid-course corrections if necessary.

The fiscal 2003 audit noted that the Corporation's implementation of these controls had resolved this issue and the finding was closed.

Grantee Monitoring. In fiscal 2003 the Corporation continued to update its policies and procedures for grants management; however, the fiscal 2003 report noted that additional improvements were needed in the area of grantee monitoring. The audit report recommended that the Corporation implement a risk-based approach to determine which grantees are selected for monitoring visits, utilize the grants tracking capabilities in eGrants to assist staff in tracking monitoring results and to improve on the timeliness of follow-up actions when issues arise. The Corporation agrees with these recommendations and plans to implement them over the course of the next year.

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; and
- repay eligible interest expense on student loans.

The value of an education award depends on the term of service performed by an AmeriCorps member. Completion of a full-time term of service, currently requiring a minimum of 1,700 hours of service, entitles an AmeriCorps member to an education award of \$4,725. Completion of a part-time term, requiring a minimum of 900 hours of service, entitles an AmeriCorps member to an education award of \$2,362.50. Reduced part-time terms, which provide awards of \$1,000 to \$1,800, are also offered. Education awards earned by AmeriCorps members are available to be used for seven years from the completion of the service. Payments from the Trust are made directly to the educational institutions and the loan holders as directed by the members and 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 source must match \$500 provided by the Corporation.

Factors Affecting the National Service Trust Liability						
Factor	Program Year¹					
	1998	1999	2000	2001	2002	2003
Member enrollments in the Trust	40,781	41,887	53,047	59,377	48,146	13,738
Percent of members earning an education award ²	68.1%	71.0%	72.7%	75.7%	80.1%	78.7%
Percent of earned education awards used ³	66.5%	61.7%	54.1%	40.4%	13.8%	7.8%
Investment Earnings ⁴	5%	5%	5%	5%	5%	4%
Breakout of enrollment by term type: ⁵						
Full-time	60%	56%	50%	50%	58%	37%
Part-time	27%	27%	25%	23%	19%	20%
Reduced Part-time	13%	17%	25%	27%	23%	43%

¹ Program Year refers to positions attributable to, although not necessarily filled in, a particular fiscal year. For example, a grantee may receive a grant in fiscal year 2001 but not fill all positions until fiscal 2002. All positions related to this grant would be considered Program Year 2001 positions. Program Year data reflects all enrollments recorded through September 30, 2003.

² Actual number of members earning an award divided by the total members enrolled (net of members still earning) for the Program Year as of September 30, 2003.

³ Dollar amount of education awards used divided by the total amount earned for the Program Year as of September 30, 2003.

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

⁵ Term type mix is important because education award projections are based on service type.



Trust Accounting

The tables below show the financial status of the Trust from two different accounting perspectives. The first table is a Statement of Financial Position using Generally Accepted Accounting Principles (GAAP), which is the method of accounting for the liability used for financial statement purposes. The second table is a Schedule of Trust Fund Budgetary Activity, which represents the accounting used to determine Trust budgetary needs as required under the Strengthen AmeriCorps Program Act and adherence to Anti-Deficiency Act requirements.

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

National Service Trust		
Statement of Financial Position		
As of September 30		
<i>(dollars in thousands)</i>		
ASSETS	2003	2002
Fund Balance with Treasury	\$ 146	\$ 88
Trust Investments and Related Receivables	231,880	233,280
Accounts Receivable, Net	17	18
Total Assets	<u>\$ 232,043</u>	<u>\$ 233,386</u>
LIABILITIES		
Trust Service Award Liability	\$ 230,622	\$ 231,429
Total Liabilities	<u>230,622</u>	<u>231,429</u>
NET POSITION		
Cumulative Results of Operations	1,421	1,957
Total Net Position	<u>1,421</u>	<u>1,957</u>
Total Liabilities and Net Position	<u>\$ 232,043</u>	<u>\$ 233,386</u>

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. Based on historical experience, the Corporation estimates that up to 79 percent of members earning an award will eventually use it.

Strengthen AmeriCorps Program Act

On July 3, 2003, the President signed into law the Strengthen AmeriCorps Program Act. The legislation established a clear set of accounting guidelines for the National Service Trust, and resolved several conflicting provisions of the Corporation’s authorizing legislation. Specifically, the Act

- directs the Corporation to record in the National Service Trust an amount for education awards that considers the net present value (the time value of funds) of the award, as well as the enrollment rate (members who will actually enroll), earnings rate (members who complete their term of service and earn an award) and usage rate (members who use their earned award to pay for loans or education);
- establishes a reserve fund that will protect the Corporation in the event that the estimates used to calculate the obligation differ from actual results; and

- reinforces sound practices in obligating education awards in the Trust and protects AmeriCorps members by providing additional oversight including annual CEO certifications of compliance with these new requirements and annual audits of recorded estimates and Trust accounts.

For fiscal 2003, the Corporation used the following assumptions to calculate Trust obligations and budgetary needs: full value of the education award, 100 percent enrollment rate, 80 percent earning rate, and 80 percent usage rate. These enrollment, earning, and usage rates are more conservative than the rates the Corporation has experienced and used previously in determining budgetary needs. As directed by the Act, the Corporation also established a Trust reserve of \$10 million.

National Service Trust			
Schedule of Budgetary Activity			
As of September 30, 2003			
<i>(dollars in thousands)</i>			
	Outstanding for Prior Years	FY 2003	Total
Resources			
Trust Cash & Investments	\$135,943	\$96,083	\$232,026
Deficiency Appropriation ¹	63,055	—	63,055
Trust Reserve	—	(10,000)	(10,000)
Total Resources	<u>198,998</u>	<u>86,083</u>	<u>285,081</u>
Unliquidated Obligations			
Education Awards	196,019	72,613	268,632
Interest Forbearance	2,979	3,491	6,470
Total Unliquidated Obligations	<u>198,998</u>	<u>76,104</u>	<u>275,102</u>
Funds Available for Award	<u>\$ —</u>	<u>\$ 9,979</u>	<u>\$ 9,979</u>
Reconciliation to 2003 Trust Appropriation			
Payments for PY 2003 Activity			
Education Awards			\$ 357
Interest Forbearance			15
President's Freedom Scholarships			2,895
Total PY 2003 Payments			<u>3,267</u>
2003 Trust Cash & Investments			<u>96,083</u>
2003 Appropriations Received by the Trust			<u>\$ 99,350</u>

¹ The deficiency is covered by a \$64 million deficiency appropriation enacted in Spring 2003 as part of the war supplemental (P.L. 108-11); requisite report is under review by the Office of Management and Budget.

CEO Certification

The Strengthen AmeriCorps Program Act established specific criteria for estimating and recording obligations in the National Service Trust. The Act also requires that the Chief Executive Officer of the Corporation annually certify that the Corporation is in compliance with the requirements of the Act and obtain an independent audit of the accounts and records demonstrating the manner in which the Corporation has recorded its Trust estimates. The Corporation's Office of Inspector General contracted with the accounting firm Cotton & Company to perform the audit required by the Act for fiscal 2003. Their results are included in the audit section of this report (Section III – Auditor's Report). Based on



the Corporation's analysis and the results of OIG's audit, the Corporation certifies that it complied with the Act for fiscal 2003.

Trust Enrollment Activity

The enrollment history of the Trust by Program Year as of September 30, 2003, follows:

Trust Enrollment Activity – Program Years 1994 through 2003						
Program Year	Type	Members Enrolled	Members Still Earning	Earned an Award	Did Not Earn	Amount Earned
1994	Full Time	15,980	0	12,089	3,891	\$51,196,028
	Part Time	6,265	0	4,172	2,093	\$8,988,028
	Reduced Part Time	2,907	0	2,524	383	\$2,559,979
	Total	25,152	0	18,785	6,367	\$62,744,035
1995	Full Time	17,795	0	13,613	4,182	\$61,317,067
	Part Time	6,850	0	4,359	2,491	\$9,542,680
	Reduced Part Time	486	0	402	84	\$390,485
	Total	25,131	0	18,374	6,757	\$71,250,232
1996	Full Time	17,722	0	13,478	4,244	\$61,501,488
	Part Time	6,944	0	4,469	2,475	\$10,089,923
	Reduced Part Time	638	0	525	113	\$519,333
	Total	25,304	0	18,472	6,832	\$72,110,744
1997	Full Time	23,356	0	17,398	5,958	\$79,826,336
	Part Time	12,831	0	7,079	5,752	\$15,931,390
	Reduced Part Time	3,649	0	2,964	685	\$2,892,742
	Total	39,836	0	27,441	12,395	\$98,650,468
1998	Full Time	24,543	0	17,740	6,803	\$81,517,126
	Part Time	11,156	0	6,204	4,952	\$14,021,577
	Reduced Part Time	5,082	0	3,819	1,263	\$3,790,164
	Total	40,781	0	27,763	13,018	\$99,328,867
1999	Full Time	23,299	0	16,993	6,306	\$78,236,562
	Part Time	11,331	0	6,909	4,422	\$15,622,103
	Reduced Part Time	7,257	0	5,856	1,401	\$6,089,543
	Total	41,887	0	29,758	12,129	\$99,948,208
2000	Full Time	26,296	182	19,111	7,003	\$88,121,143
	Part Time	13,189	595	8,200	4,394	\$18,797,571
	Reduced Part Time	13,562	1,253	9,802	2,507	\$10,180,615
	Total	53,047	2,030	37,113	13,904	\$117,099,329
2001	Full Time	29,658	696	22,562	6,400	\$104,287,305
	Part Time	13,854	930	8,520	4,404	\$19,301,737
	Reduced Part Time	15,865	340	12,398	3,127	\$12,888,017
	Total	59,377	1,966	43,480	13,931	\$136,477,059
2002	Full Time	28,083	4,568	19,479	4,036	\$90,613,094
	Part Time	9,334	2,442	4,820	2,072	\$11,078,682
	Reduced Part Time	10,729	1,945	7,089	1,695	\$8,122,821
	Total	48,146	8,955	31,388	7,803	\$109,814,597
2003	Full Time	5,010	4,435	208	367	\$781,473
	Part Time	2,774	2,164	315	295	\$668,834
	Reduced Part Time	5,954	2,894	2,819	241	\$3,122,125
	Total	13,738	9,493	3,342	903	\$4,572,432
Total, 1994 – 2003		372,399	22,444	255,916	94,039	\$871,995,971

FINANCIAL STATEMENTS

The Corporation has prepared its fiscal 2003 financial statements in accordance with the Government Corporation Control Act, as amended by §306 of the Chief Financial Officers Act. The Government Corporation Control Act requires that government corporations submit an annual report to the Congress within 180 days of the fiscal year end. Pursuant to the Act, the Corporation's fiscal 2003 financial statements include the following statements:

- Statement of Financial Position, which reports on 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.

The statements present comparative information for fiscal 2003 and 2002. The Corporation has made significant improvements in financial management reporting in the past several years. For the fourth year in a row, the Corporation's audited financial statements received an unqualified opinion. This opinion recognizes the financial statements as fairly presented and in conformance with generally accepted accounting principles.

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. Trust Investments, which are maintained in the National Service Trust, are restricted for use in paying education awards, interest forbearance, and President's Freedom Scholarships to eligible participants, and are not available for use in the current operations of the Corporation. Advances to Others mainly represent funds provided to grantees in advance of their performance under a grant. For the most part, these advances are liquidated during the first quarter of the subsequent fiscal year.

Fund Balance with Treasury decreased by about \$100 million from \$843 million at September 30, 2002, to \$743 million at September 30, 2003. The decrease primarily reflects a \$44 million decrease from fiscal 2002 in non-trust appropriations received by the Corporation and the rescission of \$53 million in prior year program funds. During the same time period, Trust Investments and Related Receivables showed a slight change from the previous year's balance. Advances to others decreased by \$10 million from \$59 million at September 30, 2002 to \$49 million at September 30, 2003. The decrease is the result of a new automated accrual process for HHS grants that provides a more accurate split between grants payable and grant advances and captures more grant expense because it is based on open obligations at the grant level.

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 have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. Grants Payable represent 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.

The Trust Service Award Liability decreased by \$807 thousand from the net service award liability as of September 30, 2002. This decrease was largely due to fewer member enrollments during the year and the continuing payments of earned education awards. Grants Payable increased by about \$29 million from \$88 million at September 30, 2002, to \$117 million at September 30, 2003. As with advances, the increase is the result of a new automated accrual process for HHS grants that provides a more accurate split between grants payable and grant advances and captures more grant expense because it is based on open obligations at the grant level.

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 accordance with generally accepted accounting principles. While the statements have been prepared from the books and records of the Corporation, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. These statements should also be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation for National and Community Service, 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)

	<u>2003</u>	<u>2002</u>
ASSETS		
Fund Balance with Treasury <i>(Note 2)</i>	\$ 743,363	\$ 843,469
Trust Investments and Related Receivables <i>(Note 3)</i>	231,880	233,280
Advances to Others	49,279	59,195
Accounts Receivable, Net <i>(Note 4)</i>	2,756	3,021
Property and Equipment, Net <i>(Note 5)</i>	786	1,924
Total Assets	<u>\$ 1,028,064</u>	<u>\$ 1,140,889</u>
 LIABILITIES		
Trust Service Award Liability <i>(Note 6)</i>	\$ 230,622	\$ 231,429
Grants Payable	116,798	88,392
Accounts Payable	7,145	5,010
Actuarial FECA Liability <i>(Note 9)</i>	12,506	11,521
Other Liabilities	9,258	8,742
Accrued Annual Leave	3,086	3,109
Commission Post-Service Benefits Liability <i>(Note 7)</i>	–	184
Advances from Others	223	–
Capital Lease Liability <i>(Note 8)</i>	39	75
Total Liabilities	<u>379,677</u>	<u>348,462</u>
 Commitments and Contingencies <i>(Notes 8 and 15)</i>		
 NET POSITION		
Unexpended Appropriations		
Obligated	554,179	699,235
Unobligated	111,174	108,144
Cumulative Results of Operations	<u>(16,966)</u>	<u>(14,952)</u>
Total Net Position <i>(Note 10)</i>	<u>648,387</u>	<u>792,427</u>
Total Liabilities and Net Position	<u>\$ 1,028,064</u>	<u>\$ 1,140,889</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)

	<u>2003</u>	<u>2002</u>
REVENUES		
Appropriated Capital Used, excluding Trust Fund	\$ 768,005	\$ 705,266
Appropriations Received by the Trust Fund <i>(Note 11)</i>	99,350	-
Interest	9,693	13,993
Revenue from Services Provided	7,288	7,358
Other	605	747
Total Revenues	884,941	727,364
 EXPENSES		
AmeriCorps	544,204	556,231
National Senior Service Corps	239,650	196,382
Learn and Serve America	70,974	62,495
Subtotal	854,828	815,108
Congressionally Earmarked Grants	26,688	23,944
DVSA State Grants	1,211	751
Office of Inspector General	4,228	5,006
Total Expenses <i>(Note 12)</i>	886,955	844,809
 NET OF REVENUES OVER EXPENSES		
	\$ (2,014)	\$ (117,445)
 NET POSITION		
Net of Revenues over Expenses	\$ (2,014)	\$ (117,445)
Change in Unexpended Appropriations, Net <i>(Note 14)</i>	(142,026)	18,224
Decrease in Net Position, Net	(144,040)	(99,221)
Net Position, Beginning Balance	792,427	891,648
Net Position, Ending Balance	\$ 648,387	\$ 792,427

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

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2003
(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net of Revenues over Expenses		\$ (2,014)
Adjustments Affecting Cash Flow:		
Appropriated Capital Used	\$ (768,005)	
Appropriations Received by the Trust	(99,350)	
Decrease in Accounts Receivable	265	
Increase in Interest Receivable	(92)	
Decrease in Advances	<u>9,916</u>	
		\$ (857,266)
Increase in Accounts Payable, Other Liabilities and Advances from Others	2,873	
Increase in FECA and Annual Leave Liabilities	962	
Decrease in Commission Liability	(184)	
Decrease in Capital Lease Liability	(36)	
Decrease in Trust Liability	(807)	
Increase in Grants Payable	<u>28,406</u>	
		31,214
Amortization of Premium/Discount on Investments	543	
Depreciation, Amortization, and Loss on Disposition of Assets	<u>\$ 1,138</u>	
		\$ 1,681
Total Adjustments		<u>(824,371)</u>
Net Cash Used by Operating Activities		\$ (826,385)

(continued)

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



Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2003
(dollars in thousands)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	\$	0	
Sales of Securities		445,933	
Purchase of Securities		<u>(444,983)</u>	
Net Cash Provided by Investing Activities			\$ 950

CASH FLOWS FROM FINANCING ACTIVITIES

Appropriations Received		791,205	
Canceled/Rescinded Appropriations	\$	<u>(65,876)</u>	
Net Cash Provided by Financing Activities			<u>725,329</u>
Net Cash Provided by Operating, Investing, and Financing Activities			(100,106)
Fund Balance with Treasury, Beginning			<u>843,469</u>
Fund Balance with Treasury, Ending	\$		<u><u>743,363</u></u>

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$	8
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Supplemental Schedule of Financing and Investing Activities

Property and Equipment Acquired Under Capital Lease Obligations	\$	0
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The accompanying notes are an integral part of these financial statements.

Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2002
(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net of Revenues over Expenses		\$ (117,445)
Adjustments Affecting Cash Flow:		
Appropriated Capital Used	\$ (705,266)	
Decrease in Accounts Receivable	(49)	
Decrease in Interest Receivable	2,978	
Increase in Advances	<u>(36,944)</u>	
		\$ (739,281)
Decrease in Accounts Payable, Other Liabilities and Advances from Others	(3,124)	
Decrease in FECA and Annual Leave Liabilities	(954)	
Decrease in Commission Liability	(478)	
Increase in Capital Lease Liability	11	
Increase in Trust Liability	45,015	
Increase in Grants Payable	<u>39,507</u>	
		79,977
Amortization of Premium/Discount on Investments	1,215	
Depreciation, Amortization, and Loss on Disposition of Assets	<u>\$ 902</u>	
		\$ 2,117
Total Adjustments		<u>(657,187)</u>
Net Cash Used by Operating Activities		\$ (774,632)

(continued)

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



Corporation for National and Community Service
Statement of Cash Flows
For the Year Ended September 30, 2002
(dollars in thousands)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	\$ (1,664)	
Sales of Securities	248,461	
Purchase of Securities	<u>(178,148)</u>	
Net Cash Provided by Investing Activities		\$ 68,649

CASH FLOWS FROM FINANCING ACTIVITIES

Appropriations Received	735,875	
Canceled/Rescinded Appropriations	<u>\$ (12,385)</u>	
Net Cash Provided by Financing Activities		<u>723,490</u>
Net Cash Provided by Operating, Investing, and Financing Activities		17,507
Fund Balance with Treasury, Beginning		<u>825,962</u>
Fund Balance with Treasury, Ending		<u>\$ 843,469</u>

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$	6
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Supplemental Schedule of Financing and Investing Activities

Property and Equipment Acquired Under Capital Lease Obligations	\$	11
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation for National and Community Service (Corporation), as required by the Government Corporation Control Act (31 USC 9106) and by the National and Community Service Act of 1990, as amended (42 USC 12651). These financial statements have been prepared from the books and records of the Corporation in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to Federal corporations and include the Corporation's activities related to providing grants and education awards to eligible participants. 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; and
- Statement of Cash Flows.

The notes to the financial statements are considered an integral part of the financial statements.

B. Reporting Entity

The Corporation was created by the National and Community Service Trust Act of 1993 (Public Law 103-82, 42 USC 12651). The Corporation provides grants and other incentives to States, local municipalities, and not-for-profit organizations to help communities meet critical challenges in the areas of education, public safety, human needs, and the environment through volunteer service. The Corporation oversees three national service initiatives:

- **AmeriCorps** is the national service program that annually engages Americans of all ages and backgrounds in full-time and sustained part-time community service and provides education awards in return for such service.
- **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 two million students improve their academic learning, develop personal skills, and practice responsible citizenship.

Together, these initiatives promote the ethic of service and help solve critical community problems in every State, many Indian tribes, and most U.S. territories.

C. Budgets and Budgetary Accounting

The activities of the Corporation are primarily funded through two separate appropriation bills. One is the Labor/Health and Human Services bill, which funds Domestic Volunteer Service Act (DVSA) programs. The DVSA appropriation is available for obligation by the Corporation for one fiscal year only.

The second is the Veterans Affairs, Housing and Urban Development, and Independent Agencies bill, which funds National and Community Service Act (NCSA) programs. The NCSA appropriation is available for obligation by the Corporation over two fiscal years.

Both the DVSA and the NCSA appropriations fund a part of the Corporation's costs for administrative operations. In addition, part of the NCSA appropriations are provided on a no-year basis for the National Service Trust (the Trust), a fund within the Corporation primarily used to provide education awards to eligible participants. The Trust provides awards for AmeriCorps members under AmeriCorps*State and National, AmeriCorps*NCCC, and



AmeriCorps*VISTA as well as for the AmeriCorps Education Award Program, where sponsoring organizations are responsible for providing member subsistence and other costs, and the Corporation provides an education award and a small amount for administrative costs.

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 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.

E. Fund Balance with Treasury

The Corporation does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. The Fund Balance with Treasury represents annual, multi-year, and no-year funds, which are maintained in appropriated and trust funds that are available to pay current and future commitments.

Funds maintained in the National Service Trust are restricted for use in paying service awards earned by eligible participants as well as interest forbearance, and are not available for use in the current operations of the Corporation.

The majority of the funds received from individuals and organizations in the form of gifts and donations for the support of service projects are restricted for a particular use.

F. Trust Investments and Related Receivables

By law, the Corporation invests funds, which have been transferred to the Trust, only in interest-bearing Treasury obligations of the United States. These Treasury obligations are referred to as market-based specials, which are similar to government securities sold on the open market, and consist of Treasury notes, bonds, bills and one-day certificates.

The Corporation classifies these investments as held-to-maturity at the time of purchase and periodically reevaluates such classification. Securities are classified as held-to-maturity when the Corporation has the positive intent and ability to hold securities to maturity. Held-to-maturity securities are stated at cost with corresponding premiums or discounts amortized over the life of the investment to interest income. Premiums and discounts are amortized using the effective interest method.

Interest receivable represents amounts earned but not received on investments held at year-end. Prepaid interest is the amount of interest earned on a security since the date of its last interest payment up to the date the security is purchased by the Corporation. Such interest, if any, at year-end is included in the interest receivable balance.

G. Advances to Others

The Corporation advances funds, primarily in response to grantee drawdown requests, to facilitate their authorized national and community service and domestic volunteer service activities. The cash payments to grantees, in excess of amounts earned under the terms of the grant agreements, are accounted for as advances. At the end of the fiscal year, the total amount advanced to grantees is compared with the Corporation-funded amount earned by the grantees. Grantee expenses are determined from reports submitted by the grantees. For those grantees with advances exceeding expenses, the aggregate difference is reported as the advance account balance.

H. Accounts Receivable

Accounts receivable represents amounts due to the Corporation primarily under Federal and non-Federal reimbursable agreements, grantee audit resolution determinations, and outstanding travel advances due from employees. These amounts are reduced by an allowance for uncollectible accounts based on the age of each past due account.

I. Property and Equipment

The Corporation capitalizes property and equipment at historical cost for acquisitions of \$10 thousand or more, with an estimated useful life that extends beyond the year of acquisition. The assets reported include telephone equipment, computer systems equipment, copiers, computer software, 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. Commission Post-Service Benefits Liability

The Commission post-service benefits liability represents unpaid earned educational benefits incurred by the former Commission on National and Community Service, which has been managed by the Corporation since 1994. This liability, more fully discussed in Note 7, is funded by the Corporation when a request for payment is made.

Q. 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.

R. 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.

S. Revenues

Appropriated Capital Used. The Corporation obtains funding for its program and operating expenses through annual and multi-year appropriations. Appropriations are recognized on an accrual basis at the time they are used to pay program or administrative expenses, except for expenses to be funded by future appropriations such as earned but unused annual leave. Appropriations expended for property and equipment are recognized as used when the property is purchased. Funds not used for eligible expenses within the allowed time must be returned to Treasury. Appropriations received for the Corporation's Trust are recognized as revenue when received in the Trust Fund. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education service award purposes.

Interest. Interest income is recognized when earned. Treasury notes and bonds pay interest semiannually, based on the stated rate of interest. Interest earned on Treasury bills is recognized at maturity. Interest income is adjusted by amortization of premiums and discounts using the effective interest method.

Revenue from Services Provided. The Corporation also receives income from reimbursable service agreements that is recorded as revenue from services provided. Revenue from services provided is recognized when earned, i.e., goods have been delivered or services rendered.

Other Revenue

Other revenue consists of gifts and donations for the support of service projects from individuals and organizations.

T. Retirement Benefits

The Corporation's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984, elected to join FERS and Social Security or remained in the CSRS.

For employees covered by CSRS, the Corporation contributes 8.51 percent of their gross pay towards retirement. For those employees covered by FERS, the Corporation contributes 11.50 percent of their gross pay towards retirement. Employees are allowed to participate in the Federal Thrift Savings Plan (TSP). For employees under

FERS, the Corporation contributes an automatic one percent of basic pay to TSP and matches employee contributions up to an additional 4 percent of pay, for a maximum Corporation contribution amounting to 5 percent of pay. Employees under CSRS may participate in the TSP, but will not receive either the Corporation's automatic or matching contributions.

The Corporation made retirement contributions of \$791 thousand and \$940 thousand to the CSRS Plan, and \$5,721 thousand and \$5,424 thousand to the FERS and TSP Plans in fiscal years 2003 and 2002, respectively.

U. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 – FUND BALANCE WITH TREASURY

U.S. Government cash is accounted for on an overall consolidated basis by the U.S. Department of Treasury. The Fund Balance with Treasury line on the Statement of Financial Position consists of the following:

- **Appropriated Funds** – Appropriated funds are received through congressional appropriations to provide financing sources for the Corporation's programs on an annual, multi-year, and no-year basis. The funds are warranted by the United States Treasury and apportioned by the Office of Management and Budget.
- **Trust Funds** – Trust Funds are accounts designated by law for receipts earmarked for specific purposes and for the expenditure of these receipts. Funds from the Corporation's Trust Fund may be expended for the purpose of providing an education award or interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant, as well as awards under the President's Freedom Scholarship Program.
- **Gift Funds** – Gift Funds are funds received from individuals and organizations as donations in furtherance of the purposes of the national service laws.

Fund Balance with Treasury as of September 30 (dollars in thousands)						
	2003			2002		
Type	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Appropriated Funds	\$742,565	\$ –	\$742,565	\$843,179	\$ –	\$843,179
Trust Funds	–	146	146	–	88	88
Gift Funds	15	637	652	58	144	202
Total	<u>\$742,580</u>	<u>\$783</u>	<u>\$743,363</u>	<u>\$843,237</u>	<u>\$232</u>	<u>\$843,469</u>

NOTE 3 – TRUST INVESTMENTS AND RELATED RECEIVABLES

The composition of Trust Investments and Related Receivables at September 30 is as follows:

Trust Investments and Related Receivables as of September 30 (dollars in thousands)		
	2003	2002
Investments, Carrying Value	\$230,262	\$231,754
Investment and Interest Receivable	1,618	1,526
Total	<u>\$231,880</u>	<u>\$233,280</u>



Amortized Cost and Fair Value of Investment Securities as of September 30 (dollars in thousands)								
Securities	2003				2002			
	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
Notes	\$175,244	\$5,648	\$ —	\$180,892	\$162,672	\$10,499	\$ —	\$173,171
Bills	47,019	4	—	47,023	60,751	199	—	60,950
Bonds	7,999	570	—	8,569	8,331	755	—	9,086
Total	<u>\$230,262</u>	<u>\$6,222</u>	<u>\$ —</u>	<u>\$236,484</u>	<u>\$231,754</u>	<u>\$11,453</u>	<u>\$ —</u>	<u>\$243,207</u>

At September 30, 2003, the notes held at year-end had an interest rate range of 0.80% to 10.75% and an outstanding maturity period of approximately one day to almost two and a half years. The interest rate on the bond was 10.75% and had a maturity period of approximately two and a half years. The bills held at year-end had an interest rate range of 0.80% to 0.95% and were all due to mature within 30 days. The par values of these investments range from \$1,517 thousand to \$29,957 thousand.

As required by the Strengthen AmeriCorps Program Act, beginning in fiscal 2003 the Corporation has set aside in reserve a portion of the funds appropriated to the Trust in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. As of September 30, 2003, \$10 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 (dollars in thousands)				
Held-to-Maturity Securities	2003		2002	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$156,108	\$157,360	\$112,554	\$113,765
Due after 1 year up to 5 years	74,154	79,124	119,200	129,442
Total	<u>\$230,262</u>	<u>\$236,484</u>	<u>\$231,754</u>	<u>\$243,207</u>

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts Receivable as of September 30 (dollars in thousands)		
	2003	2002
Accounts receivable	\$3,248	\$3,246
Less: allowance for loss on receivables	492	225
Accounts Receivable, Net	<u>\$2,756</u>	<u>\$3,021</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

General Property and Equipment as of September 30 (dollars in thousands)							
2003				2002			
Major Class	Service Life (Years)	Cost	Less: Accumulated Depreciation	Net Book Value	Cost	Less: Accumulated Depreciation	Net Book Value
Equipment	3-10	\$1,998	\$1,676	\$322	\$1,998	\$1,458	\$ 540
Capital leases	3-5	164	123	41	164	92	72
ADP software	2	5,042	4,619	423	5,042	3,730	1,312
Total		<u>\$7,204</u>	<u>\$6,418</u>	<u>\$786</u>	<u>\$7,204</u>	<u>\$5,280</u>	<u>\$1,924</u>

NOTE 6 – SERVICE AWARD LIABILITY – NATIONAL SERVICE TRUST

Individuals who successfully complete terms of service in AmeriCorps programs earn education awards, which can be used to make payments on qualified student loans or for educational expenses at qualified educational institutions. The awards, which are available for use for a period of up to seven years after the benefit has been earned, are paid from the National Service Trust. The Trust also pays forbearance interest on qualified student loans during the period members perform community service as well as awards under the President’s Freedom Scholarship Program. The award liability components related to education awards and interest forbearance have been adjusted, based on historical experience, to reflect the fact that some eligible participants may not use these benefits. The service award liability was composed of the following as of September 30:

Service Award Liability as of September 30 (dollars in thousands)		
	2003	2002
Education awards	\$707,919	\$603,353
Interest forbearance	24,371	22,269
Presidential Freedom Scholarship Program	14,200	11,305
Total estimated service award liability	746,490	636,927
Less: cumulative awards paid	515,868	405,498
Total	<u>\$230,622</u>	<u>\$231,429</u>

The net service award liability as of September 30, 2003, decreased by approximately \$807 thousand from the net service award liability as of September 30, 2002. This decrease was largely due to fewer member enrollments during the year and the continuing payments of earned education awards.

NOTE 7 – POST-SERVICE BENEFITS LIABILITY, COMMISSION ON NATIONAL & COMMUNITY SERVICE

The Commission on National and Community Service (Commission) was merged into the Corporation for National and Community Service during fiscal year 1994. With this merger, the Corporation became responsible for all Commission liabilities, including those for post-service benefits.

Post-service benefits liabilities from the former Commission’s operations differ from those originating within the Corporation in three significant respects: (1) the grantee, rather than an agency of the Federal government, is responsible for making post-service award payments; (2) the portion of these awards which is funded by the Federal government is specified in each grant agreement, with any remaining amount funded by the grantee; and (3) the post-service period during which an award is available for use was established by each program grantee, rather than set at seven years for all awardees.



The post-service benefits liability associated with the former Commission is estimated based on a review of its grants that authorize post-service benefits. Amounts shown below represent the aggregate maximum liability under the assumption that all funds obligated for post-service benefits remain payable to grantees for this purpose until they are drawn down or the period of award availability has expired. As of September 30, 2003, all former Commission awards had expired.

Commission Post-Service Benefits Liability as of September 30 <i>(dollars in thousands)</i>		
	2003	2002
Estimated liability as of previous year-end	\$184	\$662
Less: drawdowns and adjustments	<u>0</u>	<u>1</u>
Potential education awards	184	661
Less: award expirations	184	477
Total	<u>\$ 0</u>	<u>\$184</u>

NOTE 8 – CAPITAL AND OPERATING LEASES

A. Capital Leases

The Corporation has entered into lease agreements for copy machines. These leases vary from 3 to 5 year terms and are deemed to be capital leases. The costs of the copiers have been recorded as property and equipment (also see Note 5). The following is a schedule by year of the future minimum payments under these leases:

Capital Leases Future Minimum Due as of September 30 <i>(dollars in thousands)</i>		
	2003	2002
Fiscal Year 2003	\$ –	\$41
Fiscal Year 2004	13	13
Fiscal Year 2005	12	12
Fiscal Year 2006	11	12
Fiscal Year 2007	<u>9</u>	<u>9</u>
Total future minimum lease payments	45	87
Less: amounts representing interest	6	12
Total	<u>\$39</u>	<u>\$75</u>

B. Operating Leases

The Corporation leases office space through the General Services Administration (GSA). GSA charges the Corporation a Standard Level Users Charge that approximates commercial rental rates for similar properties. NCCC also leases housing facilities for its campuses. Additionally, the Corporation leases motor vehicles on an annual basis through GSA under an Interagency Fleet Management Service agreement for the National Civilian Community Corps. Commitments of the Corporation for future rental payments under operating leases at September 30 are as follows:

Estimated Operating Lease Commitments as of September 30 (dollars in thousands)								
2003					2002			
Fiscal Year	Facilities Space	Vehicles	Other	Total	Facilities Space	Vehicles	Other	Total
2003	\$ —	\$ —	\$ —	\$ —	6,355	1,154	93	7,602
2004	7,070	1,131	172	8,373	6,885	1,014	72	7,971
2005	7,363	1,162	174	8,699	7,463	1,033	67	8,563
2006	7,668	1,193	176	9,037	8,094	1,056	65	9,215
2007	7,985	1,226	178	9,389	8,783	1,081	57	9,921
2008	8,315	1,261	181	9,757	—	—	—	—
Total	<u>\$38,401</u>	<u>\$5,973</u>	<u>\$881</u>	<u>\$45,255</u>	<u>\$37,580</u>	<u>\$5,338</u>	<u>\$354</u>	<u>\$43,272</u>

NOTE 9 – WORKERS’ COMPENSATION

The Corporation’s actuarial liability for future workers’ compensation benefits (FECA) was \$12,506 thousand and \$11,521 thousand as of September 30, 2003 and 2002, 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 10 – NET POSITION

The reported net position consists of unexpended appropriations and cumulative results of operations (cumulative results of operations represents the differences between revenues and expenses since the Corporation’s inception). Component balances are separately maintained for the Gift Fund, Trust Fund and Appropriated Fund.

Net Position by Fund Balance Components (dollars in thousands)				
As of September 30, 2003				
	Gift Fund	Trust Fund	Appropriated Fund	Total
Unexpended appropriations	\$ —	\$ —	\$665,353	\$665,353
Cumulative results of operations	650	1,421	(19,037)	(16,966)
Total Net Position	<u>\$650</u>	<u>\$1,421</u>	<u>\$646,316</u>	<u>\$648,387</u>

Net Position by Fund Balance Components (dollars in thousands)				
As of September 30, 2002				
	Gift Fund	Trust Fund	Appropriated Fund	Total
Unexpended appropriations	\$ —	\$ —	\$807,379	\$807,379
Cumulative results of operations	649	1,957	(17,558)	(14,952)
Total Net Position	<u>\$649</u>	<u>\$1,957</u>	<u>\$789,821</u>	<u>\$792,427</u>



NOTE 11 – APPROPRIATIONS RECEIVED BY THE TRUST FUND

Fiscal 2003 appropriations received by the Trust Fund were \$99.35 million (composed of \$100 million, less the \$650 thousand Trust portion of the rescission to NCSA per Public Law 108-7). The Trust portion of the NCSA rescission was transferred back to NCSA, reducing the net amount of appropriations received by the Trust Fund during fiscal 2003. No appropriations were received for the Trust Fund for fiscal 2002.

NOTE 12 – EXPENSES

Using an appropriate cost accounting methodology, the Corporation's expenses have been allocated among its major programs.

- The **AmeriCorps (A/C)** responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs, for VISTA, NCCC, State & National, and AmeriCorps recruitment.
- The **National Senior Service Corps (NSSC)** responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Foster Grandparent Program, Senior Companions Program, and the Retired and Senior Volunteer Program.
- The **Learn and Serve America (L&S)** responsibility segment includes grant expenses, as well as direct and allocated personnel and administrative costs, for the Learn and Serve America Program, the President’s Student Service Challenge, and National Service Leader Schools.
- The **National Service Award** line item consists of the Corporation’s estimated expense for education awards based on the increase in its service award liability during the year, interest forbearance costs on qualified student loans during the period members perform community service, as well as disbursements for the Presidential Freedom Scholarship Program. No indirect costs have been allocated to this line item.
- The Corporation’s annual appropriation includes various **Congressionally Earmarked Grants**. No indirect costs have been allocated to these grants.
- 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 costs of operating the Corporation’s Volunteers in Service to America (VISTA) and National Civilian Community Corps (NCCC) grant programs and providing administrative support for Trust Fund operations are included in the operating expenses of the Corporation. 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>		
	2003	2002
Domestic Volunteer Service Act Programs	\$231,442	\$188,505
National and Community Service Act Programs	352,446	337,569
Earmarked Grants		
Congressionally Earmarked Grants	\$26,688	\$23,944
DVSA State Grants	<u>1,211</u>	<u>751</u>
Total Earmarked Grants	27,899	24,695
Total Grants Expense	<u>\$611,787</u>	<u>\$550,769</u>

Expenses by Type for the year ended September 30, 2003 (dollars in thousands)						
Type	A/C	NSSC	L&S	OIG	Earmarked Grants	Total
Grant and Related Expense						
Grant funds expended	\$296,318	\$224,804	\$62,766	\$ –	\$27,899	\$611,787
VISTA & NCCC stipends & benefits	66,534	–	–	–	–	66,534
Service award expense	<u>106,683</u>	<u>–</u>	<u>2,895</u>	<u>–</u>	<u>–</u>	<u>109,578</u>
Total Grant and Related Expense	469,535	224,804	65,661	–	27,899	787,899
Administrative Expense						
Federal employee salaries & benefits	36,983	8,931	3,396	1,808	–	51,118
Travel & transportation	9,213	402	219	56	–	9,890
Rent, communications, & utilities	5,319	1,262	427	283	–	7,291
Program analysis & evaluation	1,983	294	171	–	–	2,448
Printing & reproduction	445	170	13	–	–	628
Other services	16,789	3,049	827	2,046	–	22,711
Supplies & materials	2,130	157	69	32	–	2,388
Loss on disposition of assets	–	–	–	–	–	–
Depreciation & amortization	703	340	95	–	–	1,138
Bad debt	239	116	32	–	–	387
Other	<u>865</u>	<u>125</u>	<u>64</u>	<u>3</u>	<u>–</u>	<u>1,057</u>
Total Administrative Expense	74,669	14,846	5,313	4,228	–	99,056
Total Expenses by Type	<u>\$544,204</u>	<u>\$239,650</u>	<u>\$70,974</u>	<u>\$4,228</u>	<u>\$27,899</u>	<u>\$886,955</u>

Expenses by Type for the year ended September 30, 2002 (dollars in thousands)						
Type	A/C	NSSC	L&S	OIG	Earmarked Grants	Total
Grant and Related Expense						
Grant funds expended	\$285,564	\$186,165	\$54,345	\$ –	\$24,695	\$550,769
VISTA & NCCC stipends & benefits	65,698	–	–	–	–	65,698
Service award expense	<u>130,464</u>	<u>–</u>	<u>2,965</u>	<u>–</u>	<u>–</u>	<u>133,429</u>
Total Grant and Related Expense	481,726	186,165	57,310	–	24,695	749,896
Administrative Expense						
Federal employee salaries & benefits	35,040	6,754	3,063	1,786	–	46,643
Travel & transportation	8,994	322	273	53	–	9,642
Rent, communications, & utilities	5,751	646	439	231	–	7,067
Program analysis & evaluation	2,523	374	218	–	–	3,115
Printing & reproduction	522	60	51	–	–	633
Other services	18,176	1,067	390	2,923	–	22,556
Supplies & materials	1,884	78	75	13	–	2,050
Loss on disposition of assets	8	4	1	–	–	13
Depreciation & amortization	769	72	48	–	–	889
Bad debt	51	32	10	–	–	93
Other	<u>787</u>	<u>808</u>	<u>617</u>	<u>–</u>	<u>–</u>	<u>2,212</u>
Total Administrative Expense	74,505	10,217	5,185	5,006	–	94,913
Total Expenses by Type	<u>\$556,231</u>	<u>\$196,382</u>	<u>\$62,495</u>	<u>\$5,006</u>	<u>\$24,695</u>	<u>\$844,809</u>



NOTE 13 – 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, 2003 and 2002, 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>		
	2003	2002
Estimated education awards	\$104,581	\$126,206
Estimated interest forbearance	2,102	4,258
Presidential Freedom Scholarship Program	2,895	2,965
National Service Award Expense	<u>\$109,578</u>	<u>\$133,429</u>

NOTE 14 – INCREASE/(DECREASE) IN UNEXPENDED APPROPRIATIONS, NET

Increase/(Decrease) in Unexpended Appropriations, Net as of September 30 <i>(dollars in thousands)</i>		
	2003	2002
Increases:		
Appropriations received, net of trust	<u>\$691,855</u>	<u>\$735,875</u>
Total Increases	691,855	735,875
Decreases:		
Appropriated capital used, net of trust	(768,005)	(705,266)
Rescinded appropriations, net of trust	(53,143)	(167)
Canceled appropriations	<u>(12,733)</u>	<u>(12,218)</u>
Total Decreases	(833,881)	(717,651)
Increase/(Decrease) in Unexpended Appropriations, Net	<u>\$(142,026)</u>	<u>\$ 18,224</u>

NOTE 15 – 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.

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 2003 FINANCIAL STATEMENTS

Audit Report Number 04-01
October 31, 2003



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on November 14, 2003. 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 14, 2004, and complete its corrective actions by November 14, 2004. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



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

**Audit of the Corporation for National and Community Service's
Fiscal Year 2003 Financial Statements
Audit Report 04-01**

Introduction

In accordance with the Government Corporation Control Act (31 U.S.C. §§ 9101-10), the Office of Inspector General (OIG) engaged Cotton and Company LLP to audit the Corporation for National and Community Service's fiscal year 2003 financial statements. This report presents the results of the audit. In summary:

- Cotton and Company's opinion on the financial statements is unqualified. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and results of operations of the Corporation.
- Cotton and Company considered certain matters involving the internal control over financial reporting and its operations to be a reportable condition. For the third consecutive year, the Corporation's monitoring of grantee activities has been considered a reportable condition. However, Cotton and Company and the OIG agree that this reportable condition, more specifically described in Exhibit 1, is not a material weakness.
- Cotton and Company found no instances of material non-compliance with laws and regulations that would have a direct and material effect on the Financial Statements.¹

As is our responsibility, the OIG helped plan the auditors' work, evaluated the procedures performed, monitored the audit's progress, and reviewed the auditors' work papers supporting the conclusions in this report. Our review of the auditors' work papers disclosed no instances where Cotton and Company did not comply, in all material respects, with generally accepted government auditing standards.

We provided a draft of this report to Corporation management for review and comment. The Corporation's response indicates that the clean opinion received reflects the hard work over the past year to improve the Corporation's operations and regain the trust of Congress. The Corporation recognizes that more work needs to be done and is committed to continuously improving its programs. The Corporation's response is presented in its entirety as Appendix A.

¹A potential Anti-Deficiency Act violation was noted in the Fiscal Year 2002 Financial Statements Audit Report. The Office of Inspector General issued an investigative report that found a violation existed. This issue was resolved when President George W. Bush signed the Strengthen AmeriCorps Program Act, which applied retroactively to October 1, 2002. The Strengthen AmeriCorps Program Act also requires an independent annual audit of Corporation accounts relating to approved national service positions. The results of that audit are reported in OIG Report 04-03.

COTTON & COMPANY LLP

auditors ♦ advisors

DAVID L. COTTON, CPA, CFE, CGFM ♦ CHARLES HAYWARD, CPA, CFE, CISA ♦ MICHAEL W. GILLESPIE, CPA, CFE ♦ CATHERINE L. NOCERA, CPA, CISA
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INDEPENDENT AUDITORS' REPORT

Inspector General
Board of Directors
Corporation for National and Community Service

We have audited the accompanying Statement of Financial Position of the Corporation for National and Community Service (Corporation) as of September 30, 2003, and the related Statements of Operations and Changes in Net Position and Cash Flows for the year ended September 30, 2003. These financial statements are the responsibility of Corporation management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Corporation as of September 30, 2002, were audited by other auditors, whose report, dated January 24, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the 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 audit provides 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, 2003, and the results of its operations and changes in its net position and cash flow for the year ended September 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2003, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with provisions of laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Information listed in sections I and II in the accompanying table of contents for the Corporation's Performance and Accountability Report is not a required part of the financial statements. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner
October 31, 2003
Alexandria, Virginia

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Inspector General
Board of Directors
Corporation for National and Community Service

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2003, and have issued our report thereon dated October 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing the September 30, 2003, 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 internal 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 the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected.

We noted one matter, described in Exhibit 1, involving internal control over financial reporting and its operation that we consider to be a reportable condition. We do not consider this reportable condition to be a material weakness. The status of prior-year reportable conditions is described 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 04-02.

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



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This audit was performed pursuant to the Government Corporation Control Act, and is intended solely for the information and use of the United States Congress, the President, the Director of the Office of Management and Budget, Comptroller General of the United States, the Corporation and its Inspector General, and is not intended to be, and should not be, used by anyone other than these specific parties.

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 31, 2003
Alexandria, Virginia



**EXHIBIT 1
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
REPORTABLE CONDITION
SEPTEMBER 30, 2003**

Grants Management

The Corporation for National and Community Service (Corporation) awards National and Community Service Act (NCSA) and Domestic Volunteer Service Act (DVSA) grants to State and local governments, institutions of higher education, and other not-for-profit organizations. The Corporation expends the majority of its appropriated funds on grants, and grant activities result in the most significant components of the Corporation's financial statements. It is critical that the Corporation monitor grantee activity closely to ensure that grantees are complying with applicable laws and regulations related to the administration of grant awards. Grantees are required to expend funds only for allowable costs and provide periodic reports to the Corporation to demonstrate programmatic financial compliance with the terms of their grant agreements. The Corporation is required to conduct visits of its grantees and State commissions to ensure that grantees are complying with their grant agreements, and that State commissions are performing their prescribed duties.

The following section discusses weaknesses noted in the Corporation's internal controls over grants management.

Improvement Needed In Monitoring Grantee Activities

The Corporation has established formal grantee-monitoring procedures that include periodic site visits of grantees. The site visits are designed to obtain, review, and issue management decisions on audit findings reported by the OIG, as well as non-Federal auditors in OMB Circular A-133 single audit reports. Site visits are also utilized to hold training conferences for grantee personnel, open lines of communication between program managers and grantees, and to conduct the grant closeout process. For DVSA grants, the Corporation utilizes the Senior Corps Compliance Monitoring Handbook. For NCSA grants, the State Commission Administrative Standards review is the primary tool for monitoring State commission grantees. The Corporation also has a separate monitoring tool for National Direct grantees.

During Fiscal Year 2003, we noted that the Corporation did not consistently employ site visits to monitor grantee activities. Specifically:

- The Corporation was not in compliance with State Administrative Standards Policies that require site visits every three years. The Corporation did not conduct 15 of 52 State Administrative Standards visits that should have been conducted within the prescribed three year period. Of these 15, six missing site visits were noted by the prior-year auditor.
- The Corporation was not able to visit all of the 1,400 National Senior Service Corps grantees over the past 3 years, as required in the Monitoring Handbook. Of these, 53 grantees have not been visited within 3 years.
- Site visit reports were not always provided to grantees within the required 20 day period following site visits. Of the 606 site visits conducted during FY 2003, 189 site visit reports were provided to the grantees in excess of 20 days.
- Progress reports, which describe program status and milestone achievement from grantees, were not always submitted to State offices as required.

Recommendations

We recommend that:

- The Corporation considers reevaluating its policies and procedures regarding State Administrative Standards visits to implement a risk-based approach to conducting site visits and comply with those policies and procedures.
- State offices utilize grant tracking capabilities in eGrants in order to assist staff in tracking results of monitoring visits and maintaining monitoring visit schedules for Senior Corps grantees in order to comply with policies and procedures related to conducting site visits.
- Corporation staff provide timely feedback from site visits to grantees. Site visit reports should be furnished to grantees within 20 days of the visit. Corporation management should include statistics on timeliness of site visit report completions as performance results in the evaluation of their staff.
- State offices closely monitor the status of progress reports and diligently follow up on delinquent reports.

**EXHIBIT 2
STATUS OF PRIOR-YEAR REPORTABLE CONDITIONS
SEPTEMBER 30, 2003**

FY 2002 Finding	Type	FY 2003 Status
Monitoring of Grantee Activities	2001: Reportable Condition 2002: Reportable Condition 2003: Reportable Condition	Monitoring of grantee activities continues to require improvement.
Improvement Needed in Grant Approval Policies and Procedures	2002: Reportable Condition	Closed.



COTTON & COMPANY LLP

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

Inspector General
Board of Directors
Corporation for National and Community Service

We have audited the financial statements of the Corporation for National and Community Service (Corporation) as of and for the year ended September 30, 2003, and have issued our report thereon dated October 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance that the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Providing an opinion on compliance with those provisions was not, however, an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This audit was performed pursuant to the Government Corporation Control Act, and is intended solely for the information and use of the United States Congress, the President, the Director of the Office of Management and Budget, Comptroller General of the United States, the Corporation and its Inspector General, and is not intended to be, and should not be, used by anyone other than these specific parties.

COTTON & COMPANY LLP

Alan Rosenthal, CPA
Partner

October 31, 2003
Alexandria, Virginia



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APPENDIX A

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE RESPONSE



Corporation for
**NATIONAL &
 COMMUNITY
 SERVICE** 

November 14, 2003

The Honorable J. Russell George
 Inspector General
 Corporation for National and
 Community Service
 Suite 830
 Washington, DC 20525

Dear Mr. George:

Thank you for the opportunity to comment on the draft report on the audit of the Corporation's fiscal 2003 financial statements. I am pleased that the Corporation continues to receive a clean opinion on its financial statements. The report reflects the hard work over the past year by staff to improve the Corporation's operations and regain the trust of Congress.

While pleased with these results, the Corporation recognizes that more needs to be done and is committed to establishing a work environment that strives for continuous improvement in its programs. To lead this effort, the Corporation has organized a Management Improvement Team made up of a multidisciplinary team of Corporation staff. The team is reviewing all facets of the Corporation's operations and is working to achieve greater accountability and efficiency in the agency and its programs, including its grants management. The audit also makes several recommendations on how the Corporation can improve the monitoring of grantees. The Corporation concurs with these recommendations and will implement them over the course of the next year.

Sincerely,



James F. Manning
*Acting Chief Executive Officer and
 Chief Operating Officer*



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

**AUDIT OF THE
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE'S NATIONAL SERVICE
TRUST
SCHEDULE OF FISCAL 2003 BUDGETARY
RESOURCES AND OBLIGATIONS**

**Audit Report Number 04-03
October 31, 2003**



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on November 19, 2003.



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

**Audit of the Corporation for National and Community Service's
National Service Trust
Schedule of Fiscal 2003 Budgetary Resources and Obligations
Audit Report 04-03**

Introduction

In accordance with the Strengthen AmeriCorps Program Act, the Office of Inspector General (OIG) engaged Cotton and Company LLP to audit the Corporation for National and Community Service's National Service Trust Schedule of Fiscal 2003 Budgetary Resources and Obligations. The Strengthen AmeriCorps Program Act requires an independent annual audit of the accounts of the Corporation relating to the appropriated funds for approved national service positions, and the records demonstrating the manner in which the Corporation has recorded Trust obligations.

The Strengthen AmeriCorps Program Act directs that, beginning in fiscal year 2003, Trust obligations be recorded at the time the Corporation enters into an enforceable agreement with a National Civilian Community Corps (NCCC) member, a member of Volunteers in Service to America (VISTA), or a Senior Corps volunteer. In addition, the Act requires the Corporation to record Trust obligations when it awards a grant to an AmeriCorps State and National program. The Act also directs that the obligational amount be based on the estimated value of the education benefit, factoring in enrollment estimates, earning and usage rates, and the time value of money. The Act further requires the Corporation to establish a reserve account in the event that estimates used to calculate obligational amounts are insufficient to pay for education awards.

In summary, Cotton and Company concluded that the Corporation's Schedule of National Service Trust Schedule of Fiscal 2003 Budgetary Resources and Obligations presents fairly, in all material respects, the budgetary resources and obligations for the year ended September 30, 2003.

As is our responsibility, the OIG helped plan the auditors' work, evaluated the procedures performed, monitored the audit's progress, and reviewed the auditors' work papers supporting the conclusions in this report. Our review of the auditors' work papers disclosed no instances where Cotton and Company did not comply, in all material respects, with generally accepted government auditing standards.

COTTON & COMPANY LLP

auditors ♦ advisors

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INDEPENDENT AUDITORS' REPORT

Inspector General
Board of Directors
Corporation for National and Community Service

We have audited the accompanying National Service Trust Schedule of Fiscal 2003 Budgetary Resources and Obligations of the Corporation for National and Community Service (Corporation) for the year ended September 30, 2003. This schedule is the responsibility of Corporation management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the schedule of budgetary resources and obligations is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the schedule of budgetary resources and obligations. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule of budgetary resources and obligations was prepared for the purpose of complying with the provisions of the Strengthen AmeriCorps Program Act (Public Law 108-45) as discussed in Note A and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the National Service Trust Schedule of Fiscal 2003 Budgetary Resources and Obligations referred to above presents fairly, in all material respects, its budgetary resources and obligations for the year ended September 30, 2003, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2003, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with provisions of laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

COTTON & COMPANY LLP



Alan Rosenthal, CPA
Partner

October 31, 2003
Alexandria, Virginia

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**Corporation for National and Community Service
National Service Trust
Schedule of Fiscal 2003 Budgetary Resources and Obligations
(dollars in thousands)**

Resources		
Fiscal 2003 Appropriation	\$ 99,350	
Trust Reserve	<u>(10,000)</u>	
Total Resources		\$ 89,350
Obligations		
Education Awards	(72,970)	
Interest Forbearance	(3,506)	
President's Freedom Scholarships	<u>\$ (2,895)</u>	
Total Obligations		<u>(79,371)</u>
Funds Available for Award		<u>\$ 9,979</u>

NOTES TO THE SCHEDULE

A. Basis of Accounting

The Schedule of Fiscal 2003 Budgetary Resources and Obligations for the National Service Trust (Trust) has been prepared from the books and records of the Corporation in accordance with the Strengthen AmeriCorps Program Act (Public Law 108-45, 42 USC § 12605) for the period commencing October 1, 2002 and ending September 30, 2003.

The activities of the Trust are funded through the Veterans Affairs, Housing and Urban Development, and Independent Agencies bill, which funds National and Community Service Act programs. Appropriations are provided on a no-year basis for the Trust, a fund within the Corporation used to provide education awards to eligible participants. Trust appropriations do not expire with the passage of time and are retained by the Corporation in the Trust until used for eligible education award purposes.

The Trust provides awards for AmeriCorps members serving in approved national service positions under AmeriCorps*State and National, AmeriCorps*NCCC, and AmeriCorps*VISTA, as well as for the AmeriCorps Education Award Program, where sponsoring organizations are responsible for providing member subsistence and other costs, and the Corporation provides an education award and a small amount for administrative costs.

Funds from the Trust may be expended for the purpose of providing an education award or interest forbearance payment and must always be paid directly to a qualified institution (college, university, or other approved educational institution, or a lending institution holding an existing student loan) as designated by the participant, as well as for payments under the President's Freedom Scholarship Program.

The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds. Budgetary accounting principles are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The Strengthen AmeriCorps Program Act directs that, beginning with fiscal 2003, Trust obligations be recorded at the time the Corporation enters into an enforceable agreement with an individual participant to serve in a program carried out under subtitle E of title I of the National and Community Service Act of 1990 (42 USC § 12611 *et seq.*), or title I of the Domestic Volunteer Service Act of 1973 (42 USC § 4951 *et seq.*), or awards a grant to (or enters into a contract or cooperative agreement with) an entity to carry out a program for which such a position may be approved under section 123 of the Act (42 USC § 12573). The Strengthen AmeriCorps Program Act also directs that the obligational amount be based on the estimated value of the education benefit, discounted for the estimated enrollment, earning and usage rates, and the time value of money.

For fiscal 2003, the Corporation used the following assumptions to calculate Trust obligations and budgetary needs: full value of the education award, 100 percent enrollment rate, 80 percent earning rate, and 80 percent usage rate. These enrollment, earning, and usage rates are more conservative than historical rates used previously in determining the Corporation's budgetary needs.

B. Trust Reserve

As required by the Strengthen AmeriCorps Program Act, in fiscal 2003 the Corporation set aside in reserve a portion of the funds appropriated to the Trust in the event that its estimates used to calculate obligational amounts for education awards prove to be too low. As of September 30, 2003, \$10 million of the Corporation's investment account, which represents 10 percent of the amount originally appropriated to the Trust in 2003, has been set aside for this reserve.

Corporation for
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