

DEMANDING ACCOUNTABILITY IN NATIONAL SERVICE PROGRAMS

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION
AND WORKFORCE TRAINING

COMMITTEE ON EDUCATION
AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, JUNE 23, 2011

Serial No. 112-30

Printed for the use of the Committee on Education and the Workforce



Available via the World Wide Web:

www.gpo.gov/fdsys/browse/committee.action?chamber=house&committee=education

or

Committee address: *<http://edworkforce.house.gov>*

U.S. GOVERNMENT PRINTING OFFICE

66-967 PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON EDUCATION AND THE WORKFORCE

JOHN KLINE, Minnesota, *Chairman*

Thomas E. Petri, Wisconsin	George Miller, California,
Howard P. "Buck" McKeon, California	<i>Senior Democratic Member</i>
Judy Biggert, Illinois	Dale E. Kildee, Michigan
Todd Russell Platts, Pennsylvania	Donald M. Payne, New Jersey
Joe Wilson, South Carolina	Robert E. Andrews, New Jersey
Virginia Foxx, North Carolina	Robert C. "Bobby" Scott, Virginia
Bob Goodlatte, Virginia	Lynn C. Woolsey, California
Duncan Hunter, California	Rubén Hinojosa, Texas
David P. Roe, Tennessee	Carolyn McCarthy, New York
Glenn Thompson, Pennsylvania	John F. Tierney, Massachusetts
Tim Walberg, Michigan	Dennis J. Kucinich, Ohio
Scott DesJarlais, Tennessee	David Wu, Oregon
Richard L. Hanna, New York	Rush D. Holt, New Jersey
Todd Rokita, Indiana	Susan A. Davis, California
Larry Bucshon, Indiana	Raúl M. Grijalva, Arizona
Trey Gowdy, South Carolina	Timothy H. Bishop, New York
Lou Barletta, Pennsylvania	David Loebsack, Iowa
Kristi L. Noem, South Dakota	Mazie K. Hirono, Hawaii
Martha Roby, Alabama	
Joseph J. Heck, Nevada	
Dennis A. Ross, Florida	
Mike Kelly, Pennsylvania	

Barrett Karr, *Staff Director*
Jody Calemine, *Minority Staff Director*

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING

VIRGINIA FOXX, North Carolina, *Chairwoman*

John Kline, Minnesota	Rubén Hinojosa, Texas
Thomas E. Petri, Wisconsin	<i>Ranking Minority Member</i>
Howard P. "Buck" McKeon, California	John F. Tierney, Massachusetts
Judy Biggert, Illinois	David Wu, Oregon
Todd Russell Platts, Pennsylvania	Timothy H. Bishop, New York
David P. Roe, Tennessee	Robert E. Andrews, New Jersey
Glenn Thompson, Pennsylvania	Susan A. Davis, California
Richard L. Hanna, New York	Raúl M. Grijalva, Arizona
Larry Bucshon, Indiana	David Loebsack, Iowa
Lou Barletta, Pennsylvania	George Miller, California
Joseph J. Heck, Nevada	

C O N T E N T S

	Page
Hearing held on June 23, 2011	1
Statement of Members:	
Foxy, Hon. Virginia, Chairwoman, Subcommittee on Higher Education and Workforce Training	1
Prepared statement of	3
Hinojosa, Hon. Rubén, ranking minority member, Subcommittee on High- er Education and Workforce Training	4
Prepared statement of	5
Loebsack, Hon. David, a Representative in Congress from the State of Iowa, prepared statement of	28
Statement of Witnesses:	
Velasco, Robert, II, acting CEO, Corporation for National and Community Service	6
Prepared statement of	8
Submissions for the Record:	
Chairwoman Foxx: Questions submitted for the record	28
Mr. Velasco: Responses to questions submitted for the record	30

DEMANDING ACCOUNTABILITY IN NATIONAL SERVICE PROGRAMS

Thursday, June 23, 2011
U.S. House of Representatives
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
Washington, DC

The subcommittee met, pursuant to call, at 10:03 a.m., in room 2175, Rayburn House Office Building, Hon. Virginia Foxx [chairwoman of the subcommittee] presiding.

Present: Representatives Foxx, Kline, Roe, Hanna, Bucshon, Hinojosa, Tierney, Grijalva, and Miller.

Staff present: Jennifer Allen, Press Secretary; Katherine Bathgate, Press Assistant/New Media Coordinator; James Bergeron, Director of Education and Human Services Policy; Casey Buboltz, Coalitions and Member Services Coordinator; Heather Couri, Deputy Director of Education and Human Services Policy; Amy Raaf Jones, Education Policy Counsel and Senior Advisor; Barrett Karr, Staff Director; Rosemary Lahasky, Professional Staff Member; Brian Melnyk, Legislative Assistant; Krisann Pearce, General Counsel; Mandy Schaumburg, Education and Human Services Oversight Counsel; Dan Shorts, Legislative Assistant; Alex Sollberger, Communications Director; Alissa Strawcutter, Deputy Clerk; Kate Ahlgren, Minority Investigative Counsel; Tylease Alli, Minority Clerk; Daniel Brown, Minority Junior Legislative Assistant; Jamie Fasteau, Minority Deputy Director of Education Policy; Brian Levin, Minority New Media Press Assistant; Kara Marchione, Minority Senior Education Policy Advisor; and Melissa Salmanowitz, Minority Communications Director for Education.

Chairwoman FOXX. A quorum being present, the subcommittee will come to order. Good morning to all of our guests.

And good morning, Mr. Velasco. We appreciate the time you have taken to be with us today.

America has always been known as a place where volunteerism exists in every community. Whether serving at a local food bank assisting those who spend their nights at a nearby shelter, or simply lending a helping hand to a neighbor in need, those who volunteer their time and resources on behalf of their community help meet the many needs of our diverse society.

In recent decades, Washington has tried to pursue policies that will encourage more citizens to step up and help those in need. Those efforts were perhaps most visible in 1973, with the passage

of the Domestic Volunteer Service Act. In later years, Congress attempted to streamline community service programs through the creation of the Corporation for National and Community Service.

Today, the Corporation oversees the community service activities of roughly nine distinct programs, including AmeriCorps, the Senior Volunteer Corps, and the Social Innovation Fund, and manages an annual budget in excess of \$1 billion. The Corporation, and members of Congress, have a responsibility to make certain those tax dollars are being well-spent.

During the last three authorizations of these programs, I was proud to lead an effort on behalf of my Republican colleagues to strengthen protections over the use of these taxpayer funds. As a direct result, what was once merely spelled out in regulation and subject to the changing whims of each administration is now a matter of federal law.

We acted to stop the use of taxpayer funds for advocacy, lobbying, protesting, union organizing, partisan political activity, and providing or referring individuals to places to receive abortion services. We also expanded the organizations and entities prohibited from receiving funds to include political parties, labor organizations, and lobbying firms.

We did this to help ensure federal resources are not dedicated to activities taxpayers find politically divisive or morally objectionable. However, as with any law, Congress' best efforts to protect taxpayers can go only so far. It is the responsibility of the administration of the programs to fully enforce the laws passed by Congress. With a bureaucracy as vast and complicated as the one we face today, we recognize this is often a difficult task.

Despite whatever challenges the administration may face, however, it is their public duty nonetheless. That is why recent reports of improper activity in New York City and Tacoma, Washington are so deeply troubling. In both situations, program participants apparently engaged in illegal activity. And in a New York City Planned Parenthood facility, two AmeriCorps trained and organized individuals to be advocates on behalf of Planned Parenthood.

Had it not been for a Planned Parenthood employee inadvertently reporting this activity, it could still be going on to this day. In Washington, the Tacoma Community College placed a participant at another Planned Parenthood facility to serve as a, quote—"escort" for the organization.

How this could possibly abide by the spirit of volunteerism is beyond me. I appreciate that once notified of these situations, the Corporation acted swiftly to stop the prohibited activities and inform Congress. However, our goal should be to prevent these kinds of activities before they take place.

Today, we will take a close look at the Corporation's efforts to detect and prevent illegal activities, examine the steps they have taken in recent weeks to improve their enforcement practices, and discuss whether additional changes are needed to better protect taxpayers. We all understand the very serious fiscal challenges facing our nation. Years of runaway federal spending and debt have brought this country to the breaking point.

Now, more than ever, we must do everything in our power to guarantee each taxpayer dollar is spent on behalf of the public good.

With that said, Mr. Velasco, we recognize your time is important so I am going to conclude my remarks, and recognize Mr. Hinojosa, the senior Democrat of the subcommittee, for his opening remarks.

[The statement of Mrs. Foxx follows:]

**Prepared Statement of Hon. Virginia Foxx, Chairwoman,
Subcommittee on Higher Education and Workforce Training**

Good morning to all of our guests, and good morning, Mr. Velasco. We appreciate the time you have taken to be with us today.

America has always been known as a place where volunteerism exists in every community. Whether serving at a local food bank, assisting those who spend their nights at a nearby shelter, or simply lending a helping hand to a neighbor in need, those who volunteer their time and resources on behalf of their community help meet the many needs of our diverse society.

In recent decades, Washington has tried to pursue policies that will encourage more citizens to step up and help those in need. Those efforts were perhaps most visible in 1973 with the passage of the Domestic Volunteer Service Act. In later years, Congress attempted to streamline community service programs through the creation of the Corporation for National and Community Service. Today, the corporation oversees the community service activities of roughly nine distinct programs, including AmeriCorps, the Senior Volunteer Corps, and the Social Innovation Fund, and manages an annual budget in excess of \$1 billion. The corporation and members of Congress have a responsibility to make certain those tax dollars are being well spent.

During the last reauthorization of these programs, I was proud to lead an effort on behalf of my Republican colleagues to strengthen protections over the use of these taxpayer funds. As a direct result, what was once merely spelled out in regulation and subject to the changing whims of each administration is now a matter of federal law. We acted to stop the use of taxpayer funds for advocacy, lobbying, protesting, union organizing, partisan political activity, and providing or referring individuals to places to receive abortion services. We also expanded the organizations and entities prohibited from receiving funds to include political parties, labor organizations, and lobbying firms. We did this to help ensure federal resources are not dedicated to activities taxpayers find politically divisive or morally objectionable.

However, as with any law, Congress's best efforts to protect taxpayers can only go so far. It is the responsibility of the administration of the programs to fully enforce the laws passed by Congress. With a bureaucracy as vast and complicated as the one we face today, we recognize this is often a difficult task. Despite whatever challenges the administration may face, it is their public duty nonetheless.

That is why recent reports of improper activity in New York City and Tacoma, Washington are so deeply troubling. In both situations, program participants apparently engaged in illegal activity. At a New York City Planned Parenthood facility, two AmeriCorps participants trained and organized individuals to be advocates on behalf of Planned Parenthood. Had it not been for a Planned Parenthood employee inadvertently reporting this activity, it could still be going on to this day. In Washington, the Tacoma Community College placed a participant at another Planned Parenthood facility to serve as an "escort" for the organization. How this could possibly abide by the spirit of volunteerism is beyond me.

I appreciate that once notified of these situations, the corporation acted swiftly to stop the prohibited activities and informed Congress. However, our goal should be to prevent these kinds of activities before they take place. Today, we will take a close look at the corporation's efforts to both detect and prevent illegal activities, examine the steps they have taken in recent weeks to improve their enforcement practices, and discuss whether additional changes are needed to better protect taxpayers.

We all understand the very serious fiscal challenges facing our nation. Years of runaway federal spending and debt have brought this country to the breaking point. Now more than ever, we must do everything in our power to guarantee each taxpayer dollar is spent on behalf of the public good. With that said, Mr. Velasco, we recognize your time is important so I will conclude my remarks and recognize Mr. Hinojosa, the senior Democrat of the subcommittee, for his opening remarks.

Chairwoman FOXX. Mr. Hinojosa?

Mr. HINOJOSA. Thank you very much Chairwoman Foxx.

I would like to welcome Mr. Velasco, acting CEO for the Corporation for National and Community Service, for joining us today. I wish that this room were packed, standing room only, so that those thousands and thousands of volunteers throughout the country would hear the proceeding of today's congressional hearing.

I understand that this is your third week on the job, and I thank you for taking on this new leadership role in the federal government. In my view, there is absolutely no doubt that community service and volunteer opportunities help build stronger communities by transforming lives and fostering civic engagement and innovation.

National Service is, indeed, the cornerstone of our democracy, and its value to our society is monumental. In 2010, CNCS engaged over 5 million volunteers in national and community service to improve the quality of life of others. These volunteers have served as teachers, tutors, mentors, and counselors in many high-need schools like those that I have in my congressional district.

In cases of natural disasters, volunteers have helped local communities prepare, mitigate, respond, and recover from forest fires, floods, hurricanes, and tornadoes. Volunteers have assisted our nation's veterans in adjusting to civilian life, constructed and rebuilt homes for thousands of families, helped our nation's seniors in maintaining the highest degree possible of independent living, and much more.

Having worked closely with the late Senator, Edward Kennedy, and Representative George Miller on the Edward M. Kennedy Serve America Act, legislation which reauthorized and expanded the national service programs administered by CNCS, I personally feel a great deal of responsibility to ensure that this agency has strong management, monitoring, and oversight as well as the resources to effectively administer its programs and carry out its mission.

While there is always room for improvement, I strongly believe that CNCS is a well-managed organization. In fact, the agency has begun implementing a 5-year strategic plan which builds on the federal government's national service work over the past four decades and the vision outlined in the Serve America Act of 2009.

Approved by the board in February, this strategic plan is the result of a 9-month collaborative effort between CNCS and its network of state commissions, grantees, project sponsors, participants, staff and the public. Above all, CNCS has a robust monitoring program in place, and is overseen by a bipartisan presidentially-appointed board of directors.

In regard to the recent incidences that the chairwoman just included in her remarks that occurred with the AmeriCorps program. In both instances, CNCS discovered and resolved these issues where volunteers were identified as either potentially taking part in prohibited activities or at an unsafe location.

In my opinion, CNCS handled these cases in a timely, a professional manner, adhering to the federal laws and regulations that govern that agency. CNCS is also taking additional steps to enhance its monitoring and oversight of national programs.

These actions should—these actions include interactive training about prohibited activities for all grantees, highlighting and disseminating effective practices for prohibited activities, prevention, detection, and enforcement, communicating directly with AmeriCorps volunteers about prohibited activities, prioritizing placement sites for review using newly-available site locations, and establishing a process to review representative samplings of member physician descriptions.

It is important to underscore that the structure of the AmeriCorps program is intended to provide states and communities with the greatest degree of flexibility to respond to local needs. While the federal government strives for state and local flexibility, this cannot come at the expense of accountability, monitoring and oversight, which I strongly support.

In closing, I want to say that as we proceed with today's hearing I strongly encourage my colleagues on both sides of the aisle on this committee to focus on the vital importance of national service, a bipartisan issue that benefits local communities all across America, and the spirit and intent of Edward M. Kennedy Serve America Act.

With that, Madam Chair, I yield back.
[The statement of Mr. Hinojosa follows:]

**Prepared Statement of Hon. Rubén Hinojosa, Ranking Minority Member,
Subcommittee on Higher Education and Workforce Training**

Thank you, Chairwoman Foxx.

I would like to welcome Robert Velasco ii, acting chief executive officer (CEO) for the Corporation for National and Community Service (CNCS) for joining us today. I understand that this is your third week on the job, and I thank you for taking on this new leadership role in the federal government.

In my view, there is absolutely no doubt that community service and volunteer opportunities help build stronger communities by transforming lives and fostering civic engagement and innovation. National service is indeed the cornerstone of our democracy, and its value to our society is monumental.

In 2010, CNCS engaged over five million volunteers in national and community service work to improve the quality of life of others. These volunteers have served as teachers, tutors, mentors, and counselors in high need schools. In cases of natural disasters, volunteers have helped local communities prepare for, mitigate, respond, and recover from forest fires, floods, hurricanes and tornadoes. Volunteers have assisted our nation's veterans in adjusting to civilian life, constructed and rebuilt homes for thousands of families, helped our nation's seniors in maintaining the highest degree possible of independent living and much more.

Having worked closely with the late senator Edward Kennedy and representative George Miller on the Edward M. Kennedy Serve America Act, legislation which re-authorized and expanded the national service programs administered by CNCS, I feel a great deal of responsibility to ensure that the agency has strong management, monitoring, and oversight, as well as the resources to effectively administer its programs and carry out its mission.

While there is always room for improvement, I strongly believe that CNCS is a well-managed organization. In fact, the agency has begun implementing a 5-year strategic plan which builds on the federal government's national service work over the past four decades and the vision outlined in the Serve America Act of 2009. Approved by the board in February, this strategic plan is the result of a nine-month collaborative effort between CNCS and its network of state commissions, grantees, project sponsors, participants, staff, and the public. Above all, CNCS has a robust monitoring program in place, and is overseen by a bi-partisan, presidentially appointed board of directors.

In regard to the recent incidences that occurred with the AmeriCorps program, in both instances, CNCS discovered and resolved these issues, where volunteers were identified as either potentially taking part in prohibited activities or at an unsafe location. In my opinion, CNCS handled these cases in a timely and professional manner, adhering to the federal laws and regulations that govern the agency.

CNCS is also taking additional steps to enhance its monitoring and oversight of national programs. These actions include requiring interactive training about prohibited activities for all grantees; highlighting and disseminating effective practices for prohibited activities prevention, detection, and enforcement; communicating directly with AmeriCorps volunteers about prohibited activities; prioritizing placement sites for review using newly available site location; and establishing a process to review representative sampling of member position descriptions.

It's important to underscore that the structure of the AmeriCorps program is intended to provide states and communities with the greatest degree of flexibility to respond to local needs. While the federal government strives for state and local flexibility, this cannot come at the expense of accountability, monitoring, and oversight.

As we proceed with today's hearing, I strongly encourage my colleagues on this committee to focus on the vital importance of national service, a bipartisan issue that benefits local communities all across America, and the spirit and intent of Edward M. Kennedy Serve America Act.

Thank you.

Chairwoman FOXX. Thank you very much, Mr. Hinojosa.

Pursuant to Committee Rule 7C, all subcommittee members will be permitted to submit written statements to be included in the permanent hearing record. And without objection, the hearing record will remain open for 14 days to allow statements, questions for the records, and other extraneous material referenced during the hearing, to be submitted in the official hearing record.

It is now my pleasure to introduce our distinguished witness. Mr. Robert Velasco was designated acting CEO of the Corporation for National and Community Service by President Obama on May 27, 2011. As Mr. Hinojosa said, you are fairly new.

Mr. Velasco has over a decade of experience managing large programs and complex organizations. Prior to becoming acting CEO, he served as chief operating officer and acting chief of program operations for the Corporation. Before his tenure at the Corporation, Mr. Velasco worked in management program and regional operations across the U.S. Department of Health & Human Services.

Most recently, he served as director of management operations within HHS's Office of Medicare Hearings and Appeals. Before I recognize you to provide your testimony, let me briefly explain our lighting system.

You will have 5 minutes to present your testimony. When you begin, the light in front of you, or over to your left, will turn green. When 1 minute is left, the light will turn yellow. And when your time is expired, the light will turn red, at which point I would ask that you wrap up your remarks as best as you are able.

After you have testified, members will each have 5 minutes to ask questions of you.

So now I would like to recognize you for 5 minutes.

STATEMENT OF ROBERT VELASCO, II, ACTING CHIEF EXECUTIVE OFFICER, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Mr. VELASCO. Chairwoman Foxx, Congressman Hinojosa, thank you for this opportunity to testify today.

I will keep my comments brief, and ask that my written testimony be made part of the record. I welcome this opportunity to discuss our agency's commitment to accountability, oversight in monitoring practices, and enhancements we plan to make.

Relying on principles of local control, competition, and public-private partnership, the Corporation for National and Community Service engages 5 million Americans in service each year through more than 70,000 community and faith-based organizations.

These Americans tutor and mentor youth, rebuild communities struck by natural disasters, help seniors live independently, support veterans and military families, and meet other local needs, providing vital services to millions of our fellow citizens. National service recognizes that many of the best solutions come from outside Washington.

It invests in people, not bureaucracies, to solve problems, tapping the energy and ingenuity of our greatest resource, the American people. For 45 years, presidents and Congresses of both parties have invested in national service. The 2009 Serve America Act reflected the bipartisan consensus that service is essential to meeting today's challenges.

We are committed to implementing the act as Congress intended. We are here to discuss accountability in national service. I want to assure the committee that we have a deep, long-standing, and ongoing commitment to ensuring the highest levels of accountability.

CNCS is a well-managed agency with a strong culture of compliance and accountability. That is why we were concerned when we received information that led us to suspect that two AmeriCorps in New York were engaged in prohibited activities. Once we detected the potential problem, we moved immediately to assess the situation, discovered prohibited activity, and worked with our grantee to have the members removed from service.

We notified our inspector general, the bipartisan board of directors, and this committee. We are working to recoup any misspent federal funds. The inspector general indicated that we have handled the matter appropriately, federal funds were protected, and this situation is resolved.

Based on my experience working in this and other federal agencies, the oversight and monitoring that CNCS performs is well-designed, well-executed and effective. I would like to highlight some of our current oversight and monitoring practices, which are explained in depth in my written testimony.

First, we prevent prohibited activity by communicating our rules before a grant is ever made and at every stage of the process, through application instructions, grant provisions, member contracts, and grantee trainings. Second, we detect potential prohibited activity through a comprehensive monitoring and oversight protocol that includes site visits, desk audits, and grant reviews.

And third, if a prohibited activity occurs we enforce our rules by requiring corrective action plans, reporting activities to the IG and, in some cases, suspending or terminating a grant. Given our commitment to accountability and our ethic of continuous improvement, and in response to this recent incident, we have developed an action plan that includes the following steps.

First, we will enhance our monitoring protocol in several ways, including requiring all AmeriCorps grantees to annually assure compliance with regulations on prohibited activities. Second, we will enhance our training and technical assistance by strength-

ening what is provided to grantees and members about prohibited activities, including new, direct communication to members.

And finally, we will review our risk assessment tools to identify enhancements for preventing and detecting prohibited activities. We are pleased to share this action plan, and welcome your ideas for improvements. We will report our progress to you during the next 90 days, and beyond.

In closing, I hope my testimony today, and the actions we took in this case, assures the committee of our commitment to accountability. We look forward to working with the committee to further strengthen the impact of national service on the challenges facing our communities and the nation.

Today and every day, in communities with the greatest needs across our country, AmeriCorps members are on the front lines of America's toughest problems. Hundreds are serving today in Joplin, Tuscaloosa, Iowa City and other towns ravaged by tornadoes, floods, and forest fires. AmeriCorps members are also responding to the everyday challenges of hunger, homelessness and illiteracy that prevent millions of Americans from reaching their full potential in life.

Again, thank you. And I am pleased to respond to your questions. [The statement of Mr. Velasco follows:]

**Prepared Statement of Robert Velasco, II Acting CEO,
Corporation for National and Community Service**

Madam Chair. Congressman Hinojosa. Thank you for the opportunity to testify before the Committee today.

I am Robert Velasco II, the Acting Chief Executive Officer (CEO) of the Corporation for National and Community Service (CNCS). I am a senior career Federal employee and have served for over 17 years in various Federal agencies, including the Administration for Children and Families and Medicare Hearings and Appeals at the United States Department of Health and Human Services. I came to CNCS 10 months ago to serve as the Chief Operating Officer. And I was honored when the President recently asked me to step in as the Acting CEO until the President nominates, and the Senate confirms, a permanent CEO.

I am here today because I share your commitment to accountability in national service programs. During this testimony, I will describe the agency's procedures to prevent prohibited activities by grantees, detect possible prohibited activity, and enforce rules on prohibited activities. Additionally, I will outline recent actions in identifying and addressing an instance of alleged prohibited activity by AmeriCorps members. In the spirit of accountability and transparency, I welcome this opportunity to provide an explanation of what happened, what we did about it, and what we plan to do in the future to prevent a recurrence.

In a moment I will address in detail the various systems that CNCS has put in place to ensure accountability in national service. But first, I would like to begin by giving the Committee an overview of the important role CNCS plays in both engaging and serving the American people.

CNCS—An Overview of Who We Are

CNCS is a federal agency that brings leadership, resources, coordination, focus, and scale to America's voluntary sector. CNCS programs bring together those who want to serve with the assets of community organizations and the funding from public and private sectors to build enduring community capacity. With federal funds, CNCS supports a network of state service commissions, intermediary organizations, grantees, non-profit organizations and sponsors through which millions of Americans help the most vulnerable citizens, improve their neighborhoods, and transform their own lives. As a result of this network, citizen-centered solutions take root, are sustained, and transform communities and the nation.

CNCS is a federal agency structured like a Corporation, governed by a Presidentially-appointed, Senate-confirmed CEO and actively engaged bi-partisan Board of Directors.

But, CNCS has its roots in our country's historic commitment to national service that reaches back to the Civilian Conservation Corps, the Peace Corps, VISTA and Senior Corps through more recent additions such as the Points of Light and AmeriCorps. These initiatives have been supported by Presidents and Congresses of both parties. And there is growing recognition from Governors and Mayors across the country of the value of national service in meeting local needs and fostering a sense of connection and community. Reflecting that bi-partisan history and enthusiasm, in 2009 Congress passed landmark legislation to reauthorize our agency and its programs through the Edward M. Kennedy Serve America Act, the most sweeping expansion of national service in our nation's history. CNCS is governed by a Senate-confirmed, actively engaged, bi-partisan Board of Directors.

The agency's mission is to improve lives, strengthen communities and foster civic engagement. To that end, CNCS programs directly engage nearly half a million Americans in intense, results-driven service and volunteer action.

In the original legislation creating CNCS, Congress determined that the best way to fulfill that mission was to establish a strong partnership between the agency and state governments. A large percentage of CNCS resources are distributed to and administered by Governor-appointed state commissions on service and volunteering. In addition, the agency is designed as a public-private partnership, with resources reaching national and local non-profits. Through this system, Congress wanted to be sure that national service resources would be directed to local non-profits that are able to identify and meet the specific and often unique challenges that face our local communities.

National service participants play a critical role in responding to natural disasters like the tornados in Tuscaloosa and Joplin, and also in responding to less dramatic but equally challenging situations like the school drop-out crisis, the plight of returning veterans and challenges facing military families. Among the non-profits that rely on CNCS support are national organizations such as Habitat for Humanity, United Way, Teach for America, Boys and Girls Clubs, City Year, the American Red Cross and YouthBuild USA. Our reach is equally as strong in outstanding local organizations like the Stokes County Partnership for Children in King, NC; AmeriCorps Youth Harvest Program in Pharr, TX; Minnesota Reading Corps in Minneapolis, MN; the American Red Cross Southern Arizona's veteran corps program, Operation Desert Home, in Tucson, AZ; and BAYAC AmeriCorps in Richmond, CA.

In tough economic times and an era of tight budgets, volunteer service has increasingly become an essential strategy for meeting community challenges. And notably, the support that CNCS is able to provide to states and non-profits is matched by funds from other sources—last year alone CNCS-supported programs attracted more than \$800 million of resources from other sources in the national service arena.

In the over five years since Hurricane Katrina more than 105,000 national service participants have given 10 million hours of service—helping to repair or build more than 12,500 homes, manage more than 600,000 people who came to the Gulf to volunteer their time and talent, and ultimately to serve more than 3 million people who live in the states and communities along the Gulf Coast. That is why Mississippi Governor Haley Barbour recently called national service “about as good an equation as you can find for making a Federal program work, with state oversight, serving community needs, and bettering the individuals who serve.”

And the post-Katrina situation is being replayed right now in Joplin, Missouri, the site of the worst tornado in American history.

The tornado touched down in Joplin at 6 in the evening and the first AmeriCorps members arrived on the ground at 2 a.m., just 8 hours later. By 5:30 a.m. they had established the first call center so Joplin residents and their loved ones could establish a connection with one another, and later that first day they had established the volunteer recruitment and deployment center. Since the tornado struck on May 22, just one month ago, AmeriCorps members have helped to recruit, deploy, supervise and thank more than 28,000 people who have volunteered more than 161,000 hours. It is a stunning effort. And it explains why the Assistant City Manager who is leading the response and recovery effort in Joplin recently said to the AmeriCorps members: “Whatever you guys do, please don't go.”

I recently had the opportunity to witness first-hand the power of AmeriCorps members who are hard at work organizing and supervising volunteers. I was one of hundreds of people who volunteered to help revitalize hard-hit neighborhoods in New Orleans. It was a powerful experience to rebuild playgrounds alongside energetic community members who were overwhelmed with gratitude for the widespread effort. Even more moving was witnessing the result of AmeriCorps members who

had helped rebuild the home of a long-time New Orleans East resident and were moving her back in nearly six years after Katrina damaged it.

What I saw and experienced is the same thing that Governor Haley Barbour saw, the same thing the Assistant City Manager in Joplin saw—that AmeriCorps members play a crucial role not only in getting work done on the frontlines to help real people in very real ways, but also in leveraging the time, talent and energy of American citizens who want to volunteer.

The service experience leaves an indelible mark on those who serve as well. Since its inception, nearly 700,000 Americans have participated in AmeriCorps. AmeriCorps alumni share an abiding commitment to helping their communities and are leaders in business, nonprofits and government, including the U.S. Congress. AmeriCorps service—like service in the armed forces and the Peace Corps—is a formative experience for young Americans who want to be of service to their communities and their country.

Accountability at CNCS

CNCS puts a high premium on being a well-managed agency—we strive to be an agency that produces real impact in communities across the country and is a good steward of taxpayer resources. We have worked hard to establish a culture of accountability and compliance both within the agency and among the organizations that receive grant funds from the agency.

With some of our programs, the competitive nature of the grant process helps to ensure that accountability. The AmeriCorps program selects its grantees through a rigorous competitive process involving detailed applications and multiple layers of review, including independent reviews by outside experts. In recent years, the grant selection process for AmeriCorps awards has been especially competitive as AmeriCorps members are regarded as an extremely valuable resource and national service is increasingly embraced as a strategy for meeting community needs.

Like other federal and state grantmaking agencies, CNCS uses a risk-based monitoring approach to oversee the performance and compliance of national service grantees. The agency's approach is founded on basic federal practice for the type of grants we give and is consistent with recommendations from our Inspector General and the GAO's recommended approach to federal grants monitoring and is described more fully below in the section on detection.

To understand CNCS's oversight and monitoring rubric, it is important to keep in mind the way Congress set up CNCS' grantmaking and how CNCS-supported programs operate. As noted above, the agency makes grants to Governor-appointed state commissions and to national non-profit organizations. Those state commissions and national non-profits, in turn, make subgrants to local organizations that recruit, train, deploy and supervise AmeriCorps members.

Accordingly, the agency's oversight and monitoring approach reflects the multi-layered and decentralized approach to the distribution of funds. CNCS's responsibility lies primarily with the organizations that are direct grantees of the agency. Those grantees, in turn, are responsible for overseeing and ensuring the performance and compliance of the subgrantees. In conducting our oversight and monitoring of our direct grantees, we look at how those organizations perform and also very carefully examine how those organizations in turn oversee and monitor their subgrantees.

With respect to all of the rules that govern CNCS grants—including the prohibited activities for AmeriCorps members—CNCS's oversight and monitoring activities fall into three categories: prevention, detection and enforcement.

Preventing Prohibited Activities. Considering its straight-forward purpose, the AmeriCorps grant program is a complex structure with an even more complex set of rules. Among the important restrictions governing the AmeriCorps grant program are those setting forth the types of activities that are “prohibited” and may not be performed by grantee staff or AmeriCorps members during their service hours. Those activities, reinforced by the Serve America Act, include union organizing, engaging in protests or boycotts, and conducting a voter registration drive. 42 U.S.C. 12584a. To ensure the success of our grantees, CNCS undertakes extensive efforts to convey its rules in a clear and comprehensible manner. We begin communicating these rules before a grant is ever made, and reiterate them at every stage of the grants process.

In its outreach to prospective applicants, CNCS begins to lay out the framework for AmeriCorps service, emphasizing not only what AmeriCorps members should be used for, but also what they should never be used for, including prohibited member activities. Prospective applicants are then informed through the grant application of the laws and rules that apply to CNCS grants, including prohibited activities. The application instructions specifically direct applicants to describe how they will en-

sure compliance with the rules on prohibited activities. In submitting an application for funding, an organization provides certifications and assurances that it understands and will abide by all of the rules, including the rules on prohibited activities.

A grant applicant must also provide a detailed description of proposed member activities. CNCS reviews proposed member activities during its competitive grant process to ensure that the activities not only address an unmet community need, but also are appropriate for AmeriCorps service. If an activity appears to pose a risk that a member may be used for a prohibited purpose, CNCS directly clarifies with the applicant to ensure that this is not the case.

If an organization is selected for funding, it receives a grant award notification that includes extensive provisions detailing all of the requirements associated with the grant, including prohibited member activities. By accepting the grant award, the organization accepts absolute responsibility for complying with all of the requirements. Each grantee further agrees that it is ultimately responsible for ensuring that any organization to which it sub-grants CNCS funds (i.e., “subgrantees”) or that serves as a placement site for AmeriCorps members is informed of and commits to complying with all of CNCS’s requirements.

Not only is the grantee ultimately responsible for its subgrantees’ compliance, but also for ensuring that each AmeriCorps member supported under the grant receives proper training on prohibited activities, monitoring, and supervision. The grantee must require each member to sign a “member contract” detailing, among other things, prohibited member activities. At the time the member completes service, both the member and the responsible program must provide separate certifications to CNCS, under penalty of perjury, that the member did not engage in prohibited activities during service hours.

During the grant’s operation, CNCS provides support to grantees in meeting their obligations, including providing regular training and technical assistance. CNCS dedicates considerable time and assistance to new grantees in developing appropriate policies and procedures to support compliance of sub-grantees and placement sites. For new grantees, CNCS often reviews sample position descriptions, member agreements, site agreements, and training curricula to ensure that all AmeriCorps members and site locations are instructed on prohibited activities. For further support, we make extensive materials available through the online National Service Resource Center, and in some instances provide onsite assistance.

Throughout the grant’s operation, our staff serve as a continuing resource to AmeriCorps programs. It is common for grantees to seek guidance from program officers about the rules, including inquiries related to appropriate member assignments and activities. Certain prohibited activities present more questions than others, especially those prohibitions around religious and political activities during service hours. Thus, CNCS has offered trainings specific to these subjects, and has developed and regularly updates frequently asked questions on these activities for our grantees and members, available on our website, and distributed to our grantees as part of the agency’s Office of General Counsel’s annual reminder detailing the restrictions on engaging in prohibited activities during AmeriCorps service.

As you can see, CNCS has a comprehensive and multi-faceted prevention protocol that forms the basis of the culture of compliance within the agency and among the grantees.

Detecting Prohibited Activities. To support our efforts to strictly enforce applicable laws, regulations and agency rules, we also work diligently to verify that grantees are complying. As noted above, the agency uses a risk-based approach to monitoring. The agency conducts an annual review of state commissions and direct grantees to assess and to prioritize our monitoring activity and resources. In addition to this overall review of all grantees, our program and grant monitoring staff are constantly reviewing materials and reports to see if they raise questions about a grantee’s performance or compliance.

Each year, CNCS develops a monitoring plan that establishes (1) the “baseline” for a given fiscal year that identifies those grantees that will be monitored, and (2) the level of additional monitoring activity that will be conducted during the course of that fiscal year. Baseline monitoring activities are those that are identified through the risk-assessment process as high priorities and must be monitored during that fiscal year. Additional monitoring activities are those that are not essential but may be conducted over the course of the fiscal year as need arises and as staff and travel resources are available. Grantees are evaluated each year based on four multi-factor criteria: organizational strength; program success; financial competency; and compliance with CNCS administrative programs.

Based on the risk assessment and identification of potential problems described above, CNCS conducts several forms of oversight and monitoring on a wide range of performance and compliance measures, including prohibited activities. Some mon-

itoring takes the form of desk audits that are conducted by trained and knowledgeable program officers over the phone from the agency offices. In addition, each year many grantees receive onsite monitoring visits. As with desk audits, onsite monitoring is conducted by program officers who are well-trained in our monitoring protocol and are very knowledgeable about the applicable statutes, regulations and rules. Desk audits can be comprehensive or targeted on a specific issue that has come to the fore. Onsite visits are comprehensive reviews of performance and compliance on multiple dimensions. Whether the monitoring activity is remote or onsite, the monitoring procedures involve a detailed protocol to explore and uncover any issues that may arise concerning the grantee.

A key part of the monitoring protocol is to determine whether the grantee has developed the necessary policies and procedures to assure compliance and is actually implementing those policies and procedures. But the review goes far beyond assessing policies and procedures. During site visits, CNCS staff also review service activities and speak directly to AmeriCorps members to specifically check for prohibited activities. When non-compliance is discovered, the Corporation's enforcement protocol, which is described below, comes into play and grantees are brought into compliance as quickly as possible.

We require our direct grantees to use the same or similar type of oversight and monitoring tools and procedures in reviewing the performance and compliance of their subgrantees.

We have worked hard to develop and implement our oversight and monitoring tools. In the spirit of continuous learning and improvement, we are always looking for ways to enhance the effectiveness of our oversight and monitoring.

In addition to our own efforts to detect whether prohibited activities are taking place, the Inspector General (IG) plays a crucial role. The IG maintains a hotline for anyone to call if they believe a prohibited activity may be taking place. The IG's office also conducts its own oversight and monitoring of CNCS grantees. The IG brings the agency individual findings in specific cases and provides recommendations for improving our accountability measures in general. We have worked closely and cooperatively with our IG. Over the years, the Office of IG reviewed our detection and monitoring protocol during its regular audits of the agency. On more than one occasion prior to 2005, the IG commented that CNCS's monitoring needed improvement. In response to that concern, CNCS has implemented several improvements recommended by the IG and has received progressively improved evaluations of our system. In fact, the IG no longer considers our monitoring protocol to be a subject of concern.

Enforcing the Rules Regarding Prohibited Activities. In the event that individuals and organizations fail to abide by the rules, CNCS can implement several enforcement options depending on the nature, circumstances and severity of the infraction. The enforcement tools range from assistance with compliance in cases of the mildest and most innocent mistakes to termination of service or termination of a grant in the case of the most egregious and intentional acts. The full range of enforcement options for cases of prohibited activities includes:

- Requiring corrective action plan;
- Disallowing member hours;
- Disallowing member education awards;
- Recovering unallowable costs;
- Conditioning the grant award;
- Placing a manual hold on disbursements;
- Suspending the grant; and/or
- Terminating the grant.

Additionally, we report instances of prohibited activity to the Inspector General who has the option of conducting an independent investigation and when the circumstances dictate can refer cases to the U.S. Attorney and the Department of Justice for civil action or criminal prosecution.

CNCS can use this range of enforcement tools in dealing with its direct grantees. These grantees have the same range of options in dealing with their subgrantees, including reporting prohibited activities to the agency's Inspector General. Moreover, in the case of failure of compliance by a subgrantee, the agency may require its direct grantee to take specific actions with respect to the subgrantee.

Accountability and the Recent Incident in New York

CNCS' policies and culture of compliance dictate that when we discover that a grantee or subgrantee has violated the rules, we take the matter seriously and act quickly to investigate the situation and take the necessary steps to protect the Federal funds with which we are entrusted. As you are aware, we recently discovered such a violation.

On Friday, May 13, 2011, CNCS received a letter from Planned Parenthood New York City (PPNYC). At first, this letter appeared to be similar to other letters CNCS receives during grant competitions expressing support for a particular grantee—in this case, the New York City Civic Corps (NYCCC), a sub-grantee of the New York State Commission on Volunteering and Service (New York State Commission). However, upon closer examination of the letter on Monday, May 16, CNCS became concerned that the activities performed by two NYCCC AmeriCorps members serving at PPNYC as described in the letter could be prohibited advocacy activities.

Sections 130 and 132A of the National and Community Service Act set forth activities that AmeriCorps participants or staff may not engage in while charging time to the AmeriCorps grant. While each prohibited activity is significant in defining the role of AmeriCorps members not just by what they do, but also by what they must not do, the prohibitions on certain types of advocacy activity are of particular significance considering the level of care CNCS has taken over the years to ensure compliance. From the creation of the Corporation in 1993, CNCS has undertaken several waves of rulemaking (1994, 2002, 2005, and 2008) to further clarify and strengthen the prohibition on certain types of activity set forth in the 1993 Act and in government-wide rules designed to prevent Federal dollars from being used for partisan political activity. In 2009, Congress codified the prohibitions originally crafted by the Corporation, including the rule set forth in 45 CFR 2520.65(a)(6) prohibiting individuals from “participating in, or endorsing, events or activities that are likely to include advocacy for or against political parties, political platforms, political candidates, proposed legislation, or elected officials” during their service hours.

The activities described in PPNYC’s letter appeared to fit this description, and CNCS took immediate action to determine whether the members were, in fact, engaged in prohibited activities during service hours. Between Monday and Wednesday, May 16-18, CNCS reviewed its internal records for information about the approved grant activities for NYCCC, the funding history of the organization, NYCCC’s placement sites, and the service data for the members in question. NYCCC received a three-year competitive grant through the New York State Commission to use AmeriCorps members to develop sustainable volunteer programs and otherwise build the capacity of non-profits in New York City. According to the approved grant application, AmeriCorps members selected and managed by NYCCC would be placed at one of a dozen or more non-profits and city agencies to recruit, manage, and support volunteers working towards several of CNCS’s strategic focus areas, including education, environmental issues, and healthy futures.

On Wednesday, May 18, CNCS contacted our grantee, the New York State Commission, to alert them to CNCS’s concerns and to request additional information, including position descriptions for the two members and further details about the members’ daily activities. By Thursday, May 19, the Commission had provided the requested documents, which revealed that the members, while developing sustainable volunteer programs as described in the grant application, were engaged in recruiting and training volunteers who would engage in political advocacy. After reviewing the information provided, CNCS concluded that there was sufficient reason to believe that the members were engaged in prohibited activities.

By noon on Friday, May 20, one week from receiving the letter, CNCS called the New York State Commission and requested that it take immediate action to ensure that the two members in question were not engaged in prohibited activities. Within hours, the State Commission confirmed with CNCS that it had reached its own conclusion that the members were engaged in prohibited activities, and ensured CNCS that the members would not be permitted to further engage in those activities.

That afternoon, consistent with practice, CNCS informed the two entities charged with regular oversight of CNCS—the Office of the Inspector General and CNCS’s Board of Directors—of our concerns and actions to date. CNCS has continued to provide both with regular updates as the situation has unfolded.

Over the course of the following week, CNCS worked closely with the New York State Commission and its grantee, NYCCC, to resolve outstanding logistical questions about the members’ service. Both members were suspended from service. CNCS informed New York State and NYCCC that no costs associated with the members’ service at PPNYC would be allowed, and that no hours spent engaging in prohibited political activity could be counted towards the members’ service hour requirement to receive an education award. CNCS also informed the members of several Congressional committees of the incident and of the way in which CNCS was working to resolve it.

On June 1, the Office of Inspector General informed CNCS that it would evaluate the situation to determine whether there had been any fraud, waste, or abuse of Federal resources, and to assess CNCS’s management of the situation. CNCS worked in close cooperation with OIG’s investigators to provide the requested infor-

mation. After conducting a preliminary review, the OIG reported that it had determined it was unnecessary to conduct a full investigation because there did not appear to be any fraud, waste, or abuse. Further, because OIG approved of the manner in which CNCS was conducting its own oversight and was proceeding with respect to disallowing costs, any further investigation would be duplicative of the agency's efforts.

At this time, CNCS considers the situation to be resolved. There are no AmeriCorps members currently serving at PPNYC. CNCS has reached agreement with New York State regarding the disallowance of costs associated with the members. Today, we can provide you with assurance that all associated federal funds were protected.

CNCS Looks to the Future—An Action Plan

In an effort to continuously improve our accountability program, CNCS is strengthening existing protocols and instituting new practices in the prevention, detection, and enforcement of prohibited activities. By early July, we will disseminate clear reminders about prohibited activities to all grantees—by conference call and in written correspondence—and will add a requirement to program grant provisions that all grantees strengthen their AmeriCorps member training on prohibited activities. We plan to develop and begin implementation of a new required training designed to educate grantees on prohibited activities and disseminate best practices for the prevention, detection, and enforcement of such activities. This information will be shared again at the AmeriCorps annual grantee training meeting in September that all grantees are required to attend.

We intend to require grantees with subgrants to submit a monitoring and oversight plan and certify, on an annual basis, both an understanding of and adherence to agency regulations on prohibited activities. The plan must detail how the grantee will ensure that sub-grantees and service sites comply with all relevant grant requirements. Agency staff is also currently reviewing the program's risk assessment model and sampling methodology and will identify enhancements by August 2011.

We also will provide information to AmeriCorps members more directly by listing all prohibited activities on the AmeriCorps website, in the descriptions of AmeriCorps member opportunities, in the application, and in the welcome letter from the Director of AmeriCorps following admission to the program. By late July, all program officers and grant specialists will receive refresher training on prevention, detection, and enforcement protocols.

We look forward to working with this Committee and will be prepared to report on our progress in implementing this Action Plan in 90 days.

Conclusion

In closing, I think it is clear that CNCS shares the Committee's concern about the importance of accountability in national service and about preventing prohibited activities. I hope my testimony here has reassured you of CNCS's dedication to its work in this area.

There is no reason for the incident in New York to diminish in any way the tremendous and critical service being rendered by tens of thousands of dedicated citizens serving in AmeriCorps and other CNCS-supported programs. Our quick, action-oriented response to the situation in New York City led to a prompt and complete resolution. Our quest for continuous improvement has led CNCS to develop an action plan that will enhance our accountability program.

If we are to meet the challenges in our communities, it will take the active engagement of our fellow citizens who raise their hands to say that they want to help. That is what national service is all about.

Thank you again for the opportunity to be here today.

Chairwoman FOXX. Thank you very much, Mr. Velasco.

I am going to begin the questioning, and we would appreciate as short answers as you can possibly give us to speed us along. I want to give time to each one of the members who have shown up today.

Could you tell us, first, how many monitoring visits the Corporation completes to grantees per year, and a little more in detail how you decide which site to visit, which sites not to visit. And do you know how many visits grantees made to subgrantees last year?

Mr. VELASCO. Thank you for that question, Chairwoman Foxx.

We have a robust monitoring and assessment program at the corporation and, annually, we receive financial and program reports from each of our grantees. Those reports are reviewed on an annual basis. They take a look at consideration with regards to organizational capacity, program design, financial accountability, and compliance.

And so based upon that assessment, then grantees are identified for on-site monitoring. That gets put into an annual monitoring plan, and we average about 30 percent of on-site monitorings. When you compare us to other small independent federal agencies, that is a higher baseline than the majority of other agencies comparable to the Corporation.

Chairwoman FOXX. What would flag the need for a visit from a written annual report?

Mr. VELASCO. It would be an accumulation of areas to assess across that spectrum of either organizational capacity, financial accountability, program design, or compliance. And so if there are—if we are seeing any areas that we are concerned about in those particular categories or several of those categories, then that would raise it to our attention to put on an annual monitoring plan.

Chairwoman FOXX. If we have time I want to come back to that in a minute. But how many times has the Corporation imposed and enforced financial penalties or grantees or subgrantees over the last year.

Mr. VELASCO. We have imposed financial—we have disallowed funding based upon reviews that we have undertook. I believe in the last several years it has totaled more than \$4 million.

Chairwoman FOXX. Four million dollars out of \$1 billion.

Mr. VELASCO. Four million dollars in the last several years.

Chairwoman FOXX. In the last 4 years.

Mr. VELASCO. In the last several years.

Chairwoman FOXX. Several years, okay. Well, AmeriCorps has indicated that it plans to increase its total number of participants to 250,000 within the next couple of years. Now there are 80,000 to 90,000 participants already enrolled. How do you expect to properly monitor 250,000 people, when it does not appear as though we have been able to stop prohibited activity from a much smaller group?

Mr. VELASCO. Well, we believe that we have strong and robust monitoring and oversight tools in place. And we recently also developed a data system that is actually helping us identify where our members are placed across the country. As you mentioned, we have over 80,000 members in AmeriCorps at 14,000 placement sites across the country.

And for this year, for the first time, we are actually able to collect data with regards to the actual placements of all of the AmeriCorps members. We have a history of continuous improvement with regards to oversight and monitoring, and so the data with regards to placement is just another example of being able to kind of continue to improve those monitoring tools, as well as the action plan that we have developed that, from this particular incident, is putting activities in place and strengthening our protocols in the areas of prevention, detection and enforcement.

Chairwoman FOXX. How many people do you have operating your monitoring system? What is the number of people who are looking after the programs and holding them accountable, and where are they based?

Mr. VELASCO. We have employees both here located in Washington, D.C., and in 50 states across the country. Our program officers have responsibility for review of organizational capacity and program design. And our grant staff has responsibility for the financial compliance. And so they work in tandem together with regards to reviewing the total picture of capacity of grantees.

Chairwoman FOXX. How many people in Washington, how many people in the field?

Mr. VELASCO. It is probably about—I can get you specific numbers. It is about a 55-45 split. We have more staff out in our field across the 50 states, and the smaller amount, the difference here, in headquarters.

Chairwoman FOXX. Thank you. I have a little time left.

But I am going to try to be a good role model and recognize Mr. Hinojosa for his questions.

Mr. HINOJOSA. Thank you.

Mr. Velasco, thank you very much for testifying before our committee. Both our Democratic members and our colleagues on the other side take very seriously our role of oversight over federal agencies. And listening to the questions of the chair, I could not help but try to figure out in my mind what \$4 million out of \$1 billion would be in terms of a fraction.

Because in the previous administration, in 8 years, we had a huge number of people to do oversight on environmental protection problems. And I think we have two cases filed in the 8 years. So when I make comparisons of another agency versus yours, I think that you all are doing a remarkable job.

What percentage of the \$4 million have you recovered?

Mr. VELASCO. The entire \$4 million has been recovered, yes, sir.

Mr. HINOJOSA. It has all been recovered?

Mr. VELASCO. It has all been recovered.

Mr. HINOJOSA. Excellent. Can you walk us through your grant structure, and what it means for monitoring and oversight?

Mr. VELASCO. Yes, sir, I would be happy to. We have a grant structure that is multi-layered. It is a model based upon the legislation that reflects the shared accountability at the federal level, the state level, and the community level. The Corporation has responsibility for federal funds.

We provide direct grants to state commissions. State commissions then hold competitions to some grantees, and some grantees then make decisions based upon local community needs as to where those members should best be placed. And so the model is a model that really maximizes the flexibility of State and local communities but, certainly, it is a model of shared accountability where we all have a role in that system.

Mr. HINOJOSA. I am proud to be one of many champions in Congress for the AmeriCorps program. And I was very impressed by the 80,000 AmeriCorps members, and some of which were reporting immediately upon Joplin, Missouri being impacted as they were.

And it was amazing to me to see how those AmeriCorps volunteers, arriving at 2:30 in the morning in Joplin, were able to set up a call center and be able to recruit volunteers, figure out and set up a program in which they could immediately go to work, and give help to the citizenry of that whole region.

They are absolutely amazing. In my area, which is made up of about 90 cities, much of it being rural, we depend on some of these AmeriCorps volunteers who come into our area and help us close the gap in education, the gap in jobs in terms of how much they earn, and so forth.

So they are an extremely important group that helps us organize millions and millions of people. And so I want to do everything I can that this hearing have a record of the benefits that our country is receiving. Because the federal government cannot possibly do the work that they organize to get done, because we could not afford it in the the federal government.

So what has your inspector general said regarding your response to this incident that we have learned about in New York?

Mr. VELASCO. Let me share with you that we have a strong working relationship with our inspector general. We believe in the important role of the inspector general, and having a strong inspector general. We have notified our inspector general immediately as soon as we identified, in this particular situation, that there is a prohibited activity.

We apprise them with regards to the progress that had been made all the way up to the suspension, and then ultimate removal, of the members providing that specific service, and have kept them apprised along the way. My perspective, from a conversation with the inspector general, is, they believe we have taken the appropriate action in this particular matter.

Mr. HINOJOSA. Thank you for your leadership, and all of your administration, for the work that you all are doing. And I applaud you. I want to be very supportive so that you all can continue doing this kind of work.

And with that, Madam Chair, I yield back.

Chairwoman FOXX. Thank you, Congressman. Thank you, Mr. Hinojosa.

Mr. Grijalva, do you have any questions you would like to ask the witness?

Mr. GRIJALVA. Yes, thank you very much.

Thank you, sir, for being here. It seems that the focus on the two or three cases where the activities may have been prohibited, or were prohibited, is hugely overblown. First, the issues were resolved completely without any cost to the federal taxpayer.

And secondly, these three individuals were in the AmeriCorps program of over 70,000 volunteers. And so I think it is important that we focus on the benefits of the program, as well. The 5 million volunteers, the tens of thousands of faith-based and community-based organizations in all 50 states that receive the support.

And at a time, sir, when we are talking about increased cuts in programs, where agencies across the board, both local, state, and federal are being asked to do more with less, and certainly constituencies that need the help the most, those programs are being

cut. And now we are also calling into question the validity of volunteers to be able to go in and fill the gap.

It seems to me that you cannot have the argument both ways. Is it a question of no service at all to these people, or is it a question of taking two or three cases, overblowing them, and calling into question the validity of a program that has a wonderful track record?

So let me ask you, how will the funding cuts to your program, and the potential cuts next year, affect your ability to review the kinds of cases where prohibitive activities may take place?

Mr. VELASCO. Effective monitoring and oversight requires sustained resources to ensure that we have the modernization for our systems, to be able to ensure that we are able to provide the training internally and externally to our grantees, as well as to make sure that we are able to maintain the personnel to conduct the assessment and the monitoring reviews.

Mr. GRIJALVA. So the cuts would affect that.

Mr. VELASCO. Cuts would dramatically affect that, yes, sir.

Mr. GRIJALVA. I think in 1993, that authorization, the Republican majority insisted that the nationals that have a role in messaging what happened, and that we work through state commissions to fund them so they would have their competition for which community-based organization or faith-based that got the support.

And I think that created an additional bureaucratic layer to go through. And I wonder if maybe, in terms of the monitoring that it being asked about and questioned today, if it is not wise to for this committee to rethink that indirect funding and go more directly so the accountability is fully on the agency.

I just want to thank you in behalf of communities in my district, Somerton, a farm worker community, Sells that is on the O'odham Reservation, Tucson, and Pima Community College for the work that volunteers have done in those communities to fill in gaps on issues of literacy, homelessness, child care, and the instruction of English to residents of those areas.

So I do not have any further questions. I join with the ranking member in applauding what you are doing. And I would urge this committee. Let us not overblow two incidents that have been dealt with, and deal with the merits and the overwhelming benefits that the program produces. And perhaps concentrate on how we can make this program more effective, stronger, and able to serve more people than it does now, rather than beat a dead horse on two issues that have already been resolved.

And with that, I yield back, Madam Chair.

Chairwoman FOXX. Thank you very much, Mr. Grijalva.

Mr. Hanna?

Mr. HANNA. Thank you, Madam Chairwoman. I would like to yield my time back to you.

Chairwoman FOXX. Thank you very much. I do have another question I would like to ask, and I appreciate the gentleman from New York yielding me his time.

The law that passed last Congress requires the Corporation to evaluate the impact, or effectiveness, of the programs. And I am trying to figure out how you are going to have information on the

Corporation's effectiveness if you do not know what the individual participants are really doing.

Can you elaborate on how the Corporation is able to evaluate the effectiveness of each of the grants that you award? As you mentioned earlier that you want to be accountable, tell us what are we getting for the money that we are taking from the taxpayers and giving to you and your staff.

Mr. VELASCO. I appreciate that question, Chairwoman. We are moving forward with the implementation of the Serve America Act. And one example is a strategic plan that we have put in place, which has asked us to develop performance metrics to be able to assess the impact of the work based upon the federal investment.

We have already implemented a performance measures pilot, and will be looking at that data to review the effectiveness of the federal investment with grantees in this kind of shared model that we have with our partners at the state and local communities.

Chairwoman FOXX. So up until now, you have had no evaluation of the programs. Is that correct?

Mr. VELASCO. We have had ongoing evaluations of the programs, both through evaluations that we have conducted as well as general monitoring assessments and independent reviews from our inspector general.

Chairwoman FOXX. Basically, those would be are people spending the money the way they say they are spending the money? Is that what you call evaluation?

Mr. VELASCO. There are evaluation studies regarding the research and evaluation, regarding the impact of the work. Our IG reviews would provide information in terms of the effectiveness of the use of the money. And then our grant and monitoring assessments would also provide some sense about the capacity and execution of how our grantees are operating and functioning.

So I think those would be like three different vignettes of how we would be able to assess and have information regarding the federal investment.

Chairwoman FOXX. When you say you have got a performance measure pilot, how many people are being affected, or how many participants? How many recipients of dollars are a part of that performance measure pilot?

Mr. VELASCO. The performance measure pilot was initiated last year, with a notice of funding for AmeriCorps. I do not have specific numbers, but I could provide that to you.

Chairwoman FOXX. I would really like to know a lot more about your evaluation, and how you are evaluating specifically effectiveness. Again, what are the taxpayers getting for the money that is being given to you, to the corporation, and to the individuals who are called volunteers, but are being paid to be volunteers?

Specifically like to know exactly what they are doing, and what benefit is coming to the taxpayers as a result of that.

Mr. VELASCO. Certainly. So we engage more than 5 million Americans in volunteer services that engage more than 70,000 organizations across the country. We both provide sustained service on the ground, and then our members are also able to provide direction and mobilize additional volunteers to provide assistance to food banks, homeless shelters, senior homes, youth centers, schools.

So those are the types of services that we provide.

Chairwoman FOXX. Just very quickly, do you know what an average AmeriCorps volunteer costs the taxpayers of the United States? What does an average AmeriCorps volunteer cost?

Mr. VELASCO. I could provide that information to you.

Chairwoman FOXX. Mr. Velasco, you should be able to answer that question today. Thank you.

I would now like to invite Mr. Tierney to ask his questions.

Mr. TIERNEY. Thank you, Madam Chair.

You know, I think we ought to have some sort of an oversight or monitoring of this committee, or this subcommittee. When we are not busy having duplicate hearings about duplication in the workforce investment, which we apparently want to disinvest from so people will not have the skills to get the work, now we are going to bring in a new appointment here and beat him up for doing such a great job. So I would like to know what that costs the taxpayer, and how much we are getting for our taxpayers' money on that.

But rather than keep repeating what a wonderful job the organization is doing, and making note of the fact that this bill, the Edward M. Kennedy Serve America Act, passed with overwhelming majorities in both the House and the Senate when it was passed, and a lot of this examination about its purpose, its reason for existing, the manner in which it functions, the number of people which it serves, and the number of people that served as volunteers were all examined in the context of passing that legislation.

And now it looks like probably some are having second thoughts. And if we want to talk about it, taking Mr. Grijalva's comments, now we are having second thoughts because Planned Parenthood was involved in one of these incidents where somebody might have violated one of the terms of the statute on that. So it is ideology. Here we are.

We are going to go around and around and around and see if that strikes a chord with some small sector of this society. It is not a case of rampant lack of oversight. It is not a case of rampant lack of enforcement. Mr. Velasco, I think you did know the information that would be expected to be asked at this hearing. You did not have the granular level on one issue, and I suspect you will get that on that basis.

But if the Chairwoman wanted to take the time in her district to stroll out of her office, where would she go to see some cases of people being served in this country by volunteers. Does she go to a food pantry, and see where people are benefiting from that?

Mr. VELASCO. Yes, sir.

Mr. TIERNEY. Would she find anywhere where they were mentoring children, perhaps?

Mr. VELASCO. Yes.

Mr. TIERNEY. Thank you. Give me some other examples. I cannot escape it. When I leave my district office, I bump into it everywhere I go. And I see both the volunteers are getting an enormous benefit out of that in their lives, and I see out of work people, I see seniors, I see children getting benefits that they otherwise would not get.

And I think that inures to the benefit of them, and to us, you know, as taxpayers on that. So give us a few examples of what the chairwoman could expect if she strolled out.

Mr. VELASCO. Thank you, Congressman. I would say that there is a critical investment that is being made in national service. And it helps to tackle tough problems locally, on the ground. It transforms those individuals who serve, and adds unique value to non-profits.

As I mentioned earlier, we engaged over 5 million Americans just in this past year in results-driven service within their own communities and across the country. We support America's civic infrastructure, food banks, homeless shelters, senior homes, youth centers, schools.

We also generate more than \$800 million in non-CNCS funding. So as you know, this past year the federal investment was over a billion dollars. And from that seed, we were able to generate an additional \$800 million to support the investment in national service in local communities across the country.

We have placed tutors and mentors and assistants in schools, in low-performing schools. And as the congressman mentioned earlier, we provide disaster relief services with tornadoes and floods across the country. I was recently in New Orleans working side-by-side AmeriCorps members creating a safe space for children to play in a neighborhood that was just being revitalized.

I witnessed AmeriCorps members rebuild a home for a family who is returning for the first time for Katrina, back to their neighborhood. And the service that they are doing is just inspirational, the service that they are offering both to others and to their country.

Mr. TIERNEY. Are you aware of any systemic problems in the agency, where there is just rampant violations of statutory obligations of the rules and regulations?

Mr. VELASCO. No, sir, I am not. I believe we are a well-managed organization.

Mr. TIERNEY. And have you had any allegations to that effect, that there is a systemic problem or multiple incidents that are of such magnitude that it needs the attention of this committee?

Mr. VELASCO. No concerns of systemic magnitude.

Mr. TIERNEY. So you had this incident, the ideological situation we have going there. And you immediately reported it, right?

Mr. VELASCO. That is correct, sir.

Mr. TIERNEY. You had your IG work with you, your inspector general.

Mr. VELASCO. And the IG of this committee.

Mr. TIERNEY. He said you handled it properly, did he not?

Mr. VELASCO. Yes.

Mr. TIERNEY. Said that the matter was fully resolved, that you were moving to protect the federal resources. And you have a 100 percent record of getting back the \$4 million that you want to withdraw in other incidents that you have enforced on.

Mr. VELASCO. Yes.

Mr. TIERNEY. Thank you. I am sorry we are wasting your time here today.

Chairwoman FOXX. Thank you, Mr. Tierney.

I would now like to recognize Dr. Roe.

Mr. ROE. You must be really thirsty this morning. I notice they have got you enough water to drink there. Must have been expecting a tough hearing.

I want to start out by saying that I have been through the AmeriCorps programs, many of them, in my district. It is Appalachia Cares in northeast Tennessee in the mountains. And there has been some really good work done there by AmeriCorps. We just were devastated by tornadoes recently, and not just AmeriCorps but we had huge volunteers from everyone.

But that program has helped. And certainly I was not here to hear the testimony on the problems, but I did want to tell you there are some good things in my district that have occurred. It is fair you have oversight, and it is fair to ask questions. And I think about these, and I think from your standpoint you would want those problems resolved and solved.

It is a blight on you and your program when something does go awry. So having said that, I know I asked this 2 years ago and I am still, as a former mayor, we had special appropriations in our budget where we would fund various non-for-profits out of our city budget. Including cuts from HUD that we have funded from our city budget locally.

But the question I had 2 years ago, and I have still got it, is, and I do not know, I have not gone through it and I should have called you about it before this. But the National Civilian Community Corps, it just seems like that is a lot of money. We had a couple of programs locally in our city when I was mayor, and it was so much more expensive to do this program than it was another one.

It did not seem cost-effective. And then we are spending \$29 million on approximately 1,000 people. That just seems to me to be a lot of money. I think if you look at AmeriCorps, if we spent it in a different way you would get more bang for the \$29 million.

Can you tell me what that is spent for? I remember 2 years ago when it was explained to me and it did not make any sense, and I would like to hear it again.

Mr. VELASCO. Certainly. Be happy to. NCCC is a residential-based program for volunteers. And so it offers a different model that AmeriCorps, which is usually more place-based to the particular site over a period of time. The model for NCCC is that it is a residence-based program, and so it is team-driven and the volunteers actually work in short-term deployments anywhere across the state, the region, across the country.

And so they have a lot of flexibility and adaptability to be able to be deployed immediately to provide service or assistance anywhere across the country. In fact, the NCC Corps is prevalent in providing most of the disaster relief that we are seeing across the country because of their nimbleness and ability to really be deployed to a particular situation at a particular time.

Mr. ROE. So basically what you are doing with them, it is \$29,000 a person. I mean, that is how much you are spending if it is 1,000 people and you are spending \$29 million. But the reason, you are saying, is because they are not in a local community like where I am. But these are folks that may come in from the outside and have to be put up in a hotel, or wherever you put them up in.

Mr. VELASCO. There are five campuses across the country, and so their home base is at the resident facility, where they work as teams. And then they receive training there, and then they are deployed to different sites for particular periods of terms.

Mr. ROE. Okay. I guess maybe what I would look at is, if you are going to use this \$29 million, it looks like you could just maybe move some current people. We do that at home. We have interoperation agreements with fire departments between communities, where one fire department, instead of them having to have extra when a catastrophe occurs we just help them.

And I wonder if it would not be better to look at something like that, where you could maybe use the \$29 million to have more people actually in the program. I would like you to look at something like that. I mean, like let us say there was a flood in west Tennessee. We have got people live in east Tennessee and there is no disaster, we could move some people down there temporarily, not have them housed all the time.

I would simply look at that, and see if you could use those funds more effectively. But I understand it better now.

Madam Chairman, I have no further questions.

Chairwoman FOXX. Thank you, Dr. Roe.

Mr. Miller?

Mr. MILLER. Thank you very much, Madam Chair.

Director, thank you very much for coming this morning. Sorry I missed your opening statement. I have read it, and I am a little bit at a loss kind of why we are here. But I guess it appears that some of this is about the two incidents that others on the committee have referred to, one in New York and one in Washington.

But when I go through the timelines and the discussion of it, it appears that you dispatched both of those incidents on a rather timely basis. One of the members asked you, the inspector general seemed to agree with that. Is that correct?

Mr. VELASCO. Yes, that is correct, sir.

Mr. MILLER. Okay. So I guess we are here to discuss the program. I am kind of the school of Mr. Tierney here. You know, my contact with the corporation is obviously the volunteers that have been in our community that not only just provide their resources, but seem to also be somewhat catalytic in terms of their ability sometimes to organize local organizations that are not doing that well, are not really performing at their maximum.

But by having a full-time person there, they seem to sort of be value-added, if you will, to those mechanisms. I know when the recession hit us very hard, and the food banks and the food distribution programs around our area, they were very helpful there. I watched them help sort of manage the in and out of the volunteers in Habitat for Humanity on a number of projects that we have had that have been very important to the neighborhood revitalization.

Very successful but, again, having that person there on a constant basis as opposed to people who, making every best effort to show up at different times, that does not always happen with the all-volunteer organizations. And so you keep continuity in terms of projects being on time.

My staff and myself, have worked in these projects, when we are home. And you can just see how important that is. And I think,

again, most of the experience with Habitat, when suppliers and others are volunteering their time, their materials, just like any building project, having a schedule is very important for when people are dropping them off and being able to utilize them so then the next weekend you can get to the next stage of that project.

So the experience has been very good from my side, so I just want to say that. I do not know if this hearing is going on to some other part of it, there is some problem with it. I have been through, back in the 1980s, when there was a very clear effort to try to destroy the various national volunteer organizations and programs that were going on. And it was a very contentious set of hearings.

At the time, they were being attacked because they were very effective. They were organizing poor people to become consumers and participants in their communities, and to participate in civic life. And they were attacked because they were, in effect, effectively organizing. But I guess this is different here.

I do not know what we are doing here this morning, but anyway I just want to say that I appreciate the work of the corporation in our local area, certainly my congressional district, but in other areas around the San Francisco Bay area, where we have found them to be very, very helpful in developing additional community resources and keeping those resources attentive to the projects that they have undertaken. So thank you very, very much.

I yield back the balance of my time.

Chairwoman FOXX. Thank you, Mr. Miller.

Dr. Bucshon?

Mr. BUCSHON. First of all, thank you for coming. I just want to make a couple of comments about why we are here today. I mean, I think being new to the Congress, it is pretty clear to me. You know, we have an oversight role. And I think if there are concerns about how organizations like yours are functioning I think it is fair to bring those questions to light.

And we may very well decide, based on your testimony today, that we do not necessarily find any major reasons to be concerned. But unless we ask the questions, we may not ever find that out. So I would say that it is fair to ask these questions, and we really appreciate your comments.

And as far as your monitoring plans going forward, can you just outline? Have you had to make any changes or any improvement in the way you monitor things that happen within the program as a result of these recent incidents?

Mr. VELASCO. Yes, sir. Thank you for that question. We have a robust monitoring and oversight program at the Corporation, but we also have a spirit of continuous improvement. And from this particular incident, what we have done is we have put together an action plan that is going to be putting in some activities in place in three different areas, prevention, detection, and enforcement.

So in prevention, we are going to be developing mandatory training for all of our grantees, specific on prohibited activities. We are also going to be communicating directly with our members to define prohibited activities more explicitly, to communicate and provide examples of what that means, and to communicate the requirements for compliance and the tools available to us for enforcement when those rules are violated.

With regards to detection, as I mentioned we have a new data system that is allowing us to look at placements. And so we will be doing some reviews of placements based upon the data from that system. We are also going to be using a sampling methodology to look at member position descriptions of organizations.

And lastly within detection, we are also going to be adding a new component to our monitoring protocol that is specific to prohibited activities. We are going to ask all of our grantees to, annually, assure the activities that they are undertaking with regards to prohibited activities within their organizations.

And then lastly in enforcement, we are going to be providing training both externally to our grantees as well as internally to our staff with regarding the spectrum of tools available to them, from corrective actions to suspension or termination.

Mr. BUCSHON. Thank you, and I yield back the balance of my time.

Chairwoman FOXX. Thank you, Dr. Bucshon.

It appears that all of our members have had an opportunity to ask their questions, so I would like to thank Dr. Velasco for taking the time to testify before the subcommittee today.

Mr. Hinojosa, do you have any closing remarks?

Mr. HINOJOSA. Yes, Madam Chair. I would like to say, as we draw this thing to a close, that I could not help but listen to members on my side of the aisle, and agree with something my mother used to tell me. And that is that when they give you a lemon, make lemonade out of it.

This is an opportunity to put into the record those of us who are old enough to remember the damage done in 1967 by Hurricane Beulah in deep South Texas from Brownsville to Corpus Christi, an area that was extremely poor, neglected by the federal government like very few regions of the country had been neglected.

And see that we did not have the kind of volunteer organizations like yours that can organize and recruit, and be able to get volunteers who want to help but nobody to put them together. And we see the tragic tornadoes that killed 150 persons in Joplin, Missouri. And again, your organization versus what I described in 1967, now with your help we were able to respond immediately to help them out.

I was set back, my region was set back, 20 years by the flooding and the tornadoes of 1967 that came after Hurricane Beulah hit us in our area. So I recognize the importance of your corporation and the different groups that are being put together to help us throughout the country.

So I greatly appreciate your testimony today, Mr. Velasco. And, as ranking member of this committee on higher ed and workforce training I look forward to working with you and your staff to advance CNCS's mission and goals. National Service programs are truly a part of our nation's history, democracy, and civic life, and we hopefully will use this record to increase your funding and to increase the numbers of volunteers that come from your program.

And with that, I yield back.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I want to thank Dr. Bucshon for saying specifically, and reminding people on this committee, that we are an oversight committee.

Every committee in Congress is an oversight committee, and a major part of our responsibility is to talk to the groups for whom we are responsible to make sure that they are doing their jobs properly.

I do not think Congress spends enough time, frankly, on its oversight function.

Mr. TIERNEY. Does the gentlewoman yield?

Chairwoman FOXX. No, we are at the end.

Mr. TIERNEY. Why have a discussion then?

Chairwoman FOXX. Okay. And I think that it is very important that we do that. I have noticed that you have the right language down, you have robust monitoring, and an oversight plan. And we want to make sure that we understand that robust monitoring and oversight, again, since it is part of our responsibility.

I often wonder about how we got to be such a great country before the 1960s, when so many government programs came into existence. And I do not have the citation on it, but I read recently a comparison of the recovery from the Johnstown floods in the early 1900s.

And Mr. Hinojosa's comments made me think about that, and how much more quickly that area of the country recovered when there was not a single federal government program there to help. But volunteers and the people there managed to do it.

I am going to search for that citation, but it was comparing what happened with Johnstown and what has happened since the federal government got involved with volunteers and with FEMA. And the evaluation was not very good about it. I do think that the programs in your jurisdiction do some good things.

But as I said to you before, it is our responsibility to make sure that the money that we take from hardworking taxpayers is spent effectively and efficiently. And I think not about the people who are being paid by the government to be volunteers every day. I think about people who are out working in factories who are doing their best to do what they are supposed to do.

They are paying their taxes, they are working very hard, and we are taxing them at a very high rate to put other people to work. And I think it is our responsibility to make sure that if we are going to take money from hardworking Americans that that money is being very, very well-spent.

And I think that is the responsibility of this committee and all our committees in Congress, and that we are being held to be accountable even more so by the American people under these really tight financial times. We should always be held to a strong level of accountability, but particularly now.

And I thank you and the members of your group for wanting to work with us. I do know, however, that despite the fact that this was reported to the IG and that you took action, you did not have a plan to discover this yourself. And that is part of your responsibility.

I also find it very curious that it takes episodes like this before most government agencies begin to look at evaluation and to look accountability. It seems to me that there needs to be a mindset within the federal government that any time you are given a dollar

you are going to produce, for the American people, a dollar's worth of value for it.

It is usually after something has happened before the bureaucracy decides to get engaged and start to do something about it. I hope that by having hearings like this we will send a message to other agencies in the federal government that we are not waiting until we have a violation of the law before we start looking at measures of accountability.

Mr. TIERNEY. Madam Chairwoman, I ask unanimous consent to speak out of turn for 1 minute.

Chairwoman FOXX. I would be happy, Mr. Tierney, to talk with you afterwards. Thank you very much.

Mr. TIERNEY. Wait a minute. So you are denying that request? You are objecting? You just went on and on and on with this whatever you want to call your dialogue there for a minute. You will not give 1 minute to another member of the subcommittee?

Chairwoman FOXX. Mr. Tierney, you had your time to speak.

Mr. TIERNEY. And you had yours, over and over again. Now, I am asking you—

Chairwoman FOXX [continuing]. As you know—

Mr. TIERNEY [continuing]. The committee, unanimous request to just allow me to speak for 1 minute.

Chairwoman FOXX. I will give you 1 minute, and it will be 1 minute.

Mr. TIERNEY. Oh, I am sure it will.

First of all, we all should do oversight on these committees. We should choose the groups to oversee where there is a real problem, not where you have some ideological bent or somebody has an ideological bent about one particular agency, whatever, that happen to be peripherally involved.

We all believe in oversight. Let us do it right, and let us do it where it really matters. And let us not do it for the wrong reasons. And secondly, when you take your waltz back in history you might remember that before the government got involved we did not have the kind of public health aspects that we have today that keep healthier longer.

We did not have electricity in many rural parts of the country. We had abject poverty in many, many regions of the country. So I just hope that maybe you go back to your history books and take a look at that, as well, so the next time we get a lecture on things of that nature we will realize that as a group, as a country, we do many good things together.

As a government, we do many good things as the people who elect that government. And let us get away from the self-loathing, which is what we essentially do when we attack government and say that it cannot seemingly, in some people's eyes, do anything right. And understand that Mr. Velasco's organization is one of those groups that are doing things extraordinarily right and serving a lot of people in this country, and we all benefit from it.

Thank you.

Chairwoman FOXX. Thank you. And you were right on time.

This hearing is adjourned.

[The statement of Mr. Loeb sack follows:]

**Prepared Statement of Hon. David Loebsack, a Representative in
Congress From the State of Iowa**

I wholeheartedly agree that any misuse of federal funds is extremely concerning, no matter what agency we are talking about. Especially in such difficult budget times, this is not an issue to be taken lightly. It is extremely important that any evidence of misconduct on the part of subgrantees from CNCS be addressed swiftly and fully and that every possible measure be taken to prevent similar incidents from occurring in the future.

However, I think it is also disingenuous to claim that this error—which needs to be remedied—is a reflection of the work of the Corporation for National and Community Service as a whole.

I have seen firsthand the great work that Americorps volunteers have done in my district. In 2008, my district was hit by the worst natural disaster in the state's history. Severe flooding destroyed homes and businesses, and I am so grateful for the Americorps members that came to Cedar Rapids and other flood-affected areas immediately after the disaster hit.

In the aftermath of the emergency, they were there helping to meet people's basic needs and they continue to work in the area rebuilding homes, coordinating volunteer efforts, and revitalizing local community organizations. To date, about 2,800 Americorps members have volunteered to help with the flood recovery effort and over 200,000 Iowans have helped with disaster recovery since 2008.

Iowans owe a debt of gratitude to Americorps, VISTA, and NCCC members who have worked so hard for our communities, so I don't want anyone to forget all of the good work that they do to help us respond to and recover from natural disasters, wherever they may occur.

The Serve America Act is one of the votes that I'm most proud of in my time in Congress. I myself grew up in poverty and I wouldn't have made it to where I am today without the help and support of people in my community. Initiatives like the Volunteer Generation Fund—an amendment to the Serve America Act sponsored by Senator Hatch and myself—and the other CNCS programs make it possible for more people to serve their communities, which is especially important in these tough economic times when local budgets are stretched so thin.

I am fortunate to come from Iowa, where civic engagement and a strong sense of community are the norm. In fact, Iowa is second in the nation for volunteerism. I believe that national and community service programs are vital to supporting Iowans' and the nation's commitment to service and serve an important role in ensuring our communities are great places to live and raise a family.

[Questions submitted for the record and their responses follow:]

U.S. CONGRESS,
Washington, DC, July 8, 2011.

Mr. ROBERT VELASCO, II, *Acting Chief Executive Officer,*
Corporation for National and Community Service, 1225 New York Avenue, Wash-
ington, DC 20525.

DEAR MR. VELASCO: Thank you for testifying at the Subcommittee on Higher Education and Workforce Training hearing entitled, "Demanding Accountability in National Service Programs," on June 23, 2011. I appreciate your participation.

Congressional oversight is critical to ensuring taxpayer dollars are being spent appropriately. To that end, committee members request your response to the enclosed questions. Please provide written responses no later than July 29, 2011 for inclusion in the official hearing record. Responses should be sent to Mandy Schaumburg of the committee staff who may be contacted at (202) 225-6558. After receiving your responses, committee members will review the answers and pose any additional questions they may have.

Thank you again for your contribution to the work of the committee.

Sincerely,

VIRGINIA FOXX, *Chairwoman,*
Subcommittee on Higher Education and Workforce Training.

QUESTIONS FOR THE RECORD

1. What key elements of the Corporation's monitoring plans will help you identify problems in the future?

2. In your written testimony, you mention that grant applications specifically require grantees to describe how they will ensure compliance with the prohibited activities. How does that response factor in to the awarding of grants? If a poor an-

swer is provided on an otherwise good grant application, what additional steps does the Corporation take to ensure the grantee understands its responsibilities?

3. Your testimony outlines the prevention activities undertaken by the Corporation, yet over the last year or so incidents continued to occur. Last year, we saw problems involving the National Endowment for the Arts; the peer review problems in awarding the Social Innovation Fund grants; and Planned Parenthood in New York City, New York and Tacoma, Washington. We appreciate your responsiveness when a problem arises, but we are more interested in preventing problems before they occur. What assurances can you give the committee that these controversial scandals will no longer happen?

4. Your testimony put almost all responsibility for monitoring and properly enforcing the law on the grantees. I understand it is necessary to ensure they are doing their part, but it does not in any way lessen your obligation under the law. You are responsible for ensuring the law is followed, especially when it comes to prohibited activities. Please clarify your statement saying the grantee is “ultimately” responsible for the subgrants and explain how you view the Corporation’s role in that process.

5. In placing so much responsibility on the grantees to ensure compliance with the law, can you tell the Committee how you ensure grantees are appropriately overseeing the subgrantees? Do you verify the grantees’ review with a direct review of the subgrantees?

6. What actions has the Corporation undertaken to obtain better information on the activities grantees are funding through your programs?

7. How often does the Corporation work with the Inspector General to identify instances of waste, fraud, and abuse? In your opinion, does the Corporation rely too much on the Inspector General, thereby failing to provide clear guidance to grantees and subgrantees?

8. Please discuss the changes the Corporation has put in place to satisfy the Inspector General’s concerns with the Corporation’s monitoring protocols.

9. Do you have a sense as to how many calls the Inspector General’s office receives informing them that prohibited activities are taking place?

10. Given state budgetary shortfalls, what does staffing look like at the state level? On average, how many individuals are employed by these state commissions? How many of those staff are engaged in grant monitoring?

11. Your testimony mentions that the Corporation engages in some baseline monitoring activities and some additional monitoring activities, if the resources and funds are available. How often does the Corporation utilize the additional monitoring activities?

12. You state in your testimony that the Corporation relies on risk assessment to monitor your grantees. As demonstrated by the evidence from the current situation with New York Planned Parenthood, this is not the most effective monitoring tool available. Please explain what the Corporation looks at when it conducts the risk assessment and how it actually finds problems.

13. The law clearly states prohibited activities for grantees, subgrantees, and program participants. How could grantees or subgrantees believe the positions funded at Planned Parenthood would be appropriate based on the clear letter of the law?

14. It is clear that the number of program participants at the current level is too many for the Corporation to effectively monitor for instances of abuse. With this in mind, how can you reach the goal for the total number of participants established in the last reauthorization and still effectively monitor them?

15. As stated in the hearing, oversight is necessary to ensure all federal agencies are in accordance with the law and using taxpayer dollars effectively. In the past five years, how many oversight hearings or audits has the Corporation completed?

16. What is the cost per participant for all programs under the Corporation’s jurisdiction?

17. Do you currently have measures in place to evaluate your programs? If so, how can you evaluate their effectiveness if you have trouble guaranteeing that prohibited activities are not occurring?



July 13, 2011

The Honorable John Kline, Chairman
House Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, D.C. 20515

The Honorable George Miller, Ranking Member
House Committee on Education and the Workforce
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

Thank you for the opportunity to testify on June 23 at the Higher Education and Workforce Training Subcommittee hearing on "Demanding Accountability in National Service Programs." I am writing to provide additional information to supplement and clarify my testimony. I respectfully request that this information be included in the hearing record.

I am committed to working with you to provide any information you need to conduct robust oversight of the Corporation for National and Community Service. If you have any further questions, please do not hesitate to contact me or Rhoda Glickman, Director of Government Relations, at (202) 606-6731.

Sincerely,

Robert Velasco, II
Acting Chief Executive Officer

Senior Corps ★ AmeriCorps ★ Learn and Serve America

1201 New York Avenue, NW ★ Washington, DC 20525 ★ 202-606-5000 ★ www.nationalservice.gov

"Demanding Accountability in National Service Programs"
Higher Education and Workforce Training Subcommittee hearing (June 23, 2011)
Questions and Answers for the Record

- Q1 : a. How many staff members are responsible for monitoring?
b. What is the number of people looking after the programs and holding them accountable?
c. How many are located at headquarters?
d. How many are located in the field?
- A: a. At CNCS, 202 staff are responsible for monitoring our programs.
b. A total of 235 staff look after the programs and hold them accountable.
c. 62 staff are located at Headquarters in DC.
d. 173 staff are located in our field offices across the United States.
- Q2: What are the taxpayers getting / how does Congress know the value of the federal investment in CNCS?
- A: In FY 2010, \$770 million of CNCS' appropriated funding was awarded to States, tribes, local communities, and nonprofit grantees toward promising and successful service initiatives. In addition, \$800 million were generated by sources beyond the agency to strengthen CNCS programs. CNCS also awarded \$197 million in Segal Education Awards for eligible national service participants.

The following are CNCS highlights of FY 2010:

AmeriCorps

- CNCS awarded roughly 337 organizations from across the country a total of \$233 million to support more than 74,861 AmeriCorps State and National members who serve in programs across the nation.
- AmeriCorps State and National members provided 77,120 clients with independent living services; mentored 451,384 disadvantaged youth; and leveraged an additional 1.4 million volunteers to help communities solve pressing needs.
- CNCS supported 7,776 AmeriCorps VISTA members to serve in nearly 1,000 anti-poverty programs across the nation targeted to programs in education, employment, housing, and financial development, and building the organizational capacity of their sponsor organizations to serve their communities.
- AmeriCorps VISTA members met the FY 2010 target of raising \$186 million in cash and in-kind support; recruited more than 1.1 million community volunteers in support of anti-poverty programs; mentored 224,831 children of incarcerated parents (an increase of more than 200%); and provided 140,372 clients with independent living support.
- The final report of the AmeriCorps VISTA Sustainability Assessment found that 84% of projects that have been closed for two years or longer remain sustainable.
- CNCS devoted 45% of AmeriCorps NCCC resources to disaster services nationwide, providing support to displaced and needy individuals, families, and communities.
- The average AmeriCorps NCCC member completed 1,854 hours of service. Members built 334 new homes; completed 4,984 tax returns for low-income families; supported 11,461

children in out-of-school programming; conducted fire mitigation on more than 9,800 acres of land; supported more than 150 community gardens; and recruited or managed more than 73,000 community volunteers.

- In addition to disaster relief, AmeriCorps NCCC members completed 323 additional projects in the areas of education, the environment, and human services, for a total over 1.3 million hours of service and more than 158,000 people affected by disasters. Additionally, since 2005, members from all campuses have served over 3 million hours in the Gulf Coast region.
- Between CNCS' inception in 1993 through FY 2010, AmeriCorps members earned over \$1.9 billion in education awards and have used over \$1.3 billion to fund their education and repay student loans. In addition, CNCS has made \$47.9 million in interest forbearance payments.

Senior Corps

- Senior Corps RSVP volunteers delivered more than 62 million hours of service in their communities. Across the network of 744 grantees, more than 400,475 RSVP volunteers served in more than 65,000 community organizations nationwide. Volunteers mentored more than 16,000 children; provided independent living services to 676,000 adults; and engaged more than 400,000 volunteers to address critical community needs.
- 29,100 Senior Corps Foster Grandparents Program (FGP) volunteers delivered 24 million hours of service in their communities. More than 137,000 children were mentored by Foster Grandparents, nearly 7,000 of whom were children of incarcerated parents.
- 14,450 Senior Corps Senior Companions Program (SCP) volunteers delivered 12.2 million hours of service in their communities, taking care of the in-home needs of approximately 66,304 frail, older adults and others with physical or other limitations and nearly 9,300 family members and informal caregivers. Research conducted by the program showed Senior Companion clients had significant, long-term mental health benefits from their services, including reduced rates of depression.

Other Activities

- The Social Innovation Fund (SIF) completed its inaugural grant competition, awarding \$49.3 million to 11 awardees who represent organizations with unparalleled expertise and track records of success. These organizations plan to impact tens of thousands of beneficiaries over the next several years with these resources.
- CNCS expanded the President's Call to Service through Let's Read, Let's Move, and an intensive United We Serve summer outreach program. The Corporate Pro Bono Campaign topped \$500 million in commitments with \$110 million in new commitments this year.
- CNCS organized and coordinated activities for the United We Serve initiative and the national days of service. United We Serve is a nationwide "call to service" effort to encourage all Americans to engage in service and volunteering. CNCS coordinated and supported initiatives for MLK Day of Service and the first 9/11 Day of Service and Remembrance.
- CNCS disability grants funded 1,400 national service participants who provided 49 face-to-face training in 11 states; 6,700 individuals participated in web-based training events and teleconferences, received remote technical assistance, or accessed technical assistance through fully accessible websites.

- CNCS continued to develop its online infrastructure for training and technical assistance. Our sites collectively served over 1.6 million unique visitors.

Q3: How many grantees opted into the performance measure pilot?

A: 74% of all AmeriCorps grantees adopted a series of uniform, outcome-based performance measures as a part of the FY 2010 grant competition.

Q4: What does the average AmeriCorps member cost?

A: The average AmeriCorps member costs \$18,797. (In 2010 the cost per MSY by program was \$7,950 for AmeriCorps State and National, \$18,391 for AmeriCorps VISTA and \$30,051 for AmeriCorps NCCC.)

Questions for the Record (QFRs)
Corporation for National and Community Service
Committee on Education and the Workforce, U.S. House of Representatives

1. What key elements of the Corporation's monitoring plans will help you identify problems in the future?

Answer: Prior to awarding a grant, Corporation staff reviews and approves member service activities in competitive applications submitted to the Corporation and only those activities approved at the time of award are deemed allowable under the grant. Several key elements of our monitoring plan help us to identify any problems. Generally, problems related to prohibited activities can be identified through staff reviews, monitoring visits conducted by the Corporation and/or state commission staff, as well as through the review of reported data in the *My AmeriCorps* Portal, our member database.

In conducting site visits, the Corporation and commission staff review position descriptions to ensure they accurately describe member service activities and do not include any prohibited activities. Staff also conducts interviews with members during which they are asked about their position and duties to determine any prohibited activities that could be underway. Corporation staff also review grantee monitoring plans, policies, and procedures of state commissions to ensure that adequate systems are in place in the areas of prevention, detection, and enforcement.

These elements are being enhanced through revisions to our Action Plan in the AmeriCorps program to further strengthen our protocols around the prevention and detection of prohibited activities.

2. In your written testimony, you mention that grant applications specifically require grantees to describe how they will ensure compliance with the prohibited activities. How does that response factor in to the awarding of grants? If a poor answer is provided on an otherwise good grant application, what additional steps does the Corporation take to ensure the grantee understands its responsibilities?

Answer: An applicant's ability to ensure that rules on prohibited activities are followed is an important consideration in our grant review and award process. This factor is considered as part of our assessment of an organization's capacity to successfully operate and manage an AmeriCorps grant, and we have several mechanisms for making sure our grantees understand and enforce the rules relating to prohibited activities. During the application process, we specifically require applicants to describe how they will ensure compliance with the rules governing prohibited activities. Not only is the answer to the question considered, but we also assess the applicant's prior experience with such matters and its past performance in adhering to this and other grant requirements.

In the event that an applicant submits an otherwise strong application that raises concerns about the applicant's ability to enforce the rules governing prohibited activities, we request additional information specific to that issue through our "clarification" process. We can also impose special conditions on a grant to ensure compliance with these or any other rules. In the

end, an applicant will not succeed in the AmeriCorps competition if it cannot provide the Corporation with confidence that it can and will enforce the rules against prohibited activity.

- 3. Your testimony outlines the prevention activities undertaken by the Corporation, yet over the last year or so incidents continued to occur. Last year, we saw problems involving the National Endowment for the Arts; the peer review in awarding the Social Innovation Fund grants; and Planned Parenthood in NYC, NY, and Tacoma, Washington. We appreciate your responsiveness when a problem arises, but we are more interested in preventing problems before they occur. What assurances can you give the Committee that these controversial scandals will no longer happen?**

Answer: The Corporation takes all of its obligations and responsibilities as a Federal agency seriously and complies with all applicable laws and regulations. Our employees are committed and ethical civil servants who seek to advance the mission of the agency and adhere to the rules that govern their conduct in the execution of their duties.

The three situations you reference in your question are separate and distinct and are not causally linked to one another. Our response to each of these incidents is, however, similar. In each case, the Corporation has responded by taking swift action to continuously improve its operation. Thus, taking each of them in turn, we can assure you that to the extent events like these can be avoided by implementing changes in policy and/or procedure, the Corporation has already evaluated such changes and has either implemented or is in the process of implementing them. In addition, we will continue to examine our internal operations to search for and find opportunities to improve.

After the conference call with the NEA, we developed and rolled out a training on political activities to all of our employees. This training was created by the Office of the General Counsel and is required for all externally-facing employees and new hires. To date, the training has been attended by 200 of our employees.

The inaugural FY 2010 SIF review process was fair and objective. In addition, the Corporation has implemented enhancements for the FY 2011 review process and put in place additional safeguards to ensure that the process continues to meet all federal standards for awarding federal grants through a competitive process, as well as all specific rules imposed on the process by the statute.

We have already discussed with you the steps we have taken with regard to certain AmeriCorps members being placed in inappropriate service positions. We can assure you that we will continue to be diligent in educating our grantees, helping them to understand the rules, bolstering their systems to enforce them, monitoring to see that they are enforcing them as planned, and holding them accountable if they are not. We can also assure you that we are constantly working to improve our systems for ensuring and monitoring compliance by our grantees with all applicable rules and regulations.

- 4. Your testimony put almost all responsibility for monitoring and properly enforcing the law on the grantees. I understand it is necessary to ensure they are doing their part, but it does not in any way lessen your obligation under the law. You are responsible for ensuring the law is followed, especially when it comes to prohibited activities. Please clarify your statement saying the grantee is “ultimately” responsible for the subgrants and explain how you view the Corporation’s role in that process.**

Answer: Congress was very clear in establishing a system of shared responsibility for the optimal implementation of the AmeriCorps program goals and for the enforcement of the rules that govern AmeriCorps grants. Because the Corporation must be accountable to Congress and the American people, it actively and effectively monitors the performance and compliance of its direct grantees. The grants given by the Corporation come with many responsibilities and conditions of which the grantees are aware with which they must comply. The Corporation actively monitors their compliance and works diligently to ensure that any funds that have been awarded or expended improperly are recouped.

- 5. In placing so much responsibility for monitoring and properly enforcing the law on the grantees, can you tell the Committee how you ensure grantees are appropriately overseeing the subgrantees? Do you verify the grantees review with a direct review of the subgrantees?**

Answer: As noted in Mr. Velasco’s written testimony and during the hearing, the Corporation’s monitoring protocol includes regular telephone calls with grantees, desk reviews and on-site monitoring. In the case of on-site monitoring, the Corporation conducts on-site compliance, technical assistance, and opportunity visits every year to a subset of grantees according to its risk-based monitoring process.

As part of our monitoring, Corporation staff reviews the grantee’s monitoring procedures and tools to ensure they are monitoring their subgrantees’ compliance with all AmeriCorps regulations and other Federal grant requirements. During site visits, staff randomly check the grantee’s procedures, policies and performance in overseeing its subgrantees. We verify that its monitoring procedures cover all areas of compliance and that it can demonstrate it enforces compliance. In addition to the oversight and monitoring that the Corporation performs, the Office of the Inspector General (OIG) plays a key role in monitoring and assuring compliance with all applicable rules.

- 6. What actions has the Corporation undertaken to obtain better information on the activities’ grantees are funding through your programs?**

Answer: The Corporation has numerous sources of information about the activities that grantees support with funds from the Corporation. AmeriCorps funds are distributed in two ways: (1) through a national competition involving both multi-state programs and single state programs submitted by Governor-appointed state commissions, and (2) through a formula set-aside (35.3% of the overall appropriation for AmeriCorps grants) that goes directly to state commissions to be

distributed pursuant to the rules governing the AmeriCorps program, but at the discretion of the state commissions.

To award the competitive funds, the Corporation conducts an intensive and highly competitive grant application and review process. Applicants submit detailed applications to the Corporation that are then reviewed first by a panel of external expert reviewers, and second by teams of experienced AmeriCorps staff members. As noted above, in cases of strong applications where there is any lack of clarity, agency staff engage in a process of "clarification" with applicants. Through this exacting process the Corporation obtains a clear understanding of the activities that an applicant proposes to perform.

After a grant is made, the Corporation has a variety of mechanisms for ensuring that the activities being performed are both consistent with the application and the applicable laws. Corporation staff conduct regular monitoring and oversight which may include phone interviews, formal desk audits and in-person site visits. In addition, all grantees are required to submit progress reports which provide regular updates about the activities that are being undertaken with Corporation funds.

To award the formula grants, the state commissions are entrusted with the initial responsibility for ensuring that members are performing the activities proposed in the applications, and specifically that no prohibited activities are occurring. The Corporation works closely with the state commissions, and receives regular reports from them about the activities that their subgrantees are performing. State commissions, too, receive regular monitoring and oversight from Corporation staff (including representatives of the Inspector General's office).

As discussed at the hearing, we have developed and deployed a new tool that enables the Corporations to more effectively access information about where AmeriCorps members are serving. Our grant provisions now require AmeriCorps grantees and subgrantees to provide information about each site location at which an AmeriCorps member is serving. In addition, the Corporation is developing new monitoring protocols for member service agreement and position description reviews to be conducted on a quarterly basis.

7. How often does the Corporation work with the Inspector General to identify instances of waste, fraud, and abuse? In your opinion, does the Corporation rely too much on the Inspector General, thereby failing to provide clear guidance to grantees and subgrantees?

Answer: While the OIG is an independent office, the OIG and the Corporation regularly work in close partnership, as appropriate and needed, to ensure the integrity and efficiency of agency operations. The OIG has a role to play in preventing waste, fraud and abuse and in helping to identify potential problems within the Corporation and with its grantees that is separate and distinct from the role of the Corporation itself. The OIG is not a substitute for a robust prevention, detection and enforcement protocol. Indeed, the Action Plan clearly reflects the Corporation's independent focus on oversight and monitoring to improve program compliance.

8. Please discuss the changes the Corporation has put in place to satisfy the Inspector General's concerns with the Corporation's monitoring protocols.

Answer: In its October 2010 review of the Corporation's monitoring protocols, OIG Evaluation of Grant Monitoring by CNCS (Phase II monitoring audit), the OIG reviewed agency monitoring activities to determine whether the activities provide a reasonable basis for CNCS findings and conclusions regarding grantee operations. In the report, the OIG acknowledged that the Corporation had made substantial progress in addressing certain past monitoring challenges and stated that the auditors did not find a significant number of deficiencies. There were only two findings in that Report, both of which the Corporation had already identified and was in the process of addressing. Those findings were:

1. Not all staff consistently followed all steps for documenting monitoring activity that was conducted, *e.g.* in a few cases, staff did not complete monitoring reports within the 30-day timeframe. We reviewed documentation policies to enhance clarity and strengthen the quality of monitoring documentation. We will complete this process by October 2011.
2. Program staff responsible for conducting some financial monitoring to supplement financial monitoring done by grants management staff wanted additional training on how to monitor financial compliance. We developed and conducted comprehensive compliance monitoring training and will complete the third training session in August. Further, we are developing on-line monitoring training modules for staff, including financial monitoring. The training will be available to staff by the end of summer 2011.

Prior to October 2010, the OIG had reviewed the Corporation's monitoring protocols several times. From FYs 1997 – 2005, the Corporation Financial Statement Audits identified weaknesses in the Corporation's monitoring. The Corporation has implemented numerous full-scale, agency-wide changes to address the findings and recommendations. These changes include implementation of agency-wide policies on oversight and monitoring; implementation of an agency-wide, risk-based monitoring approach for site visits through an annual monitoring planning assessment process per the audit recommendations; enhancements in the agency's documentation of and tracking against the annual monitoring plan; more thorough and consistent documentation of site visit and desk review activities in eGrants, the agency's electronic grants management system; updates to site visits protocols; and processes to further facilitate more timely submissions of program and financial reports from grantees. As a result, financial statement audits have not identified monitoring weaknesses in FYs 2006 – 2010.

Further, the OIG also conducted the first phase of its Study of the Corporation's Federal Assistance Monitoring Tools (a precursor to the October 2010 Phase II study referenced above) in July 2008. The OIG audited the Corporation's monitoring tools to ensure the tools are comprehensive and address all regulatory provisions and terms of our grants. We updated our monitoring tools based on the OIG's recommendations.

9. Do you have a sense as to how many calls the Inspector General's office receives informing them that prohibited activities are taking place?

Answer: According to our Office of the Inspector General they received two complaints regarding suspected prohibited member activities in the past three years. Both complaints were also reported to the OIG by Corporation management.

10. Given state budgetary shortfalls, what does staffing look like at the state level? On average, how many individuals are employed by these state commissions? How many of those staff are engaged in grant monitoring?

Answer: As a result of the current fiscal crisis, state commissions have had to make tough decisions as they prioritize and allocate their limited resources locally. We do not know how this has impacted their staffing decisions specifically. But, now more than ever, our state partners are indicating that the Corporation's investment in their nonprofit sector and local institutions is critical to meet the challenges facing their communities. Without the federal investment provided by the Corporation, states and other organizations that utilize national service participants would be unable to pledge or attract the local resources necessary to support their programs. In FY 2010, Corporation-supported programs attracted more than \$800 million of resources from other sources.

Within the Corporation, a total of 235 of our roughly 520 staff (or 45 percent) are directly responsible for program oversight and accountability. Of the 235 staff that monitor our grantees and hold them accountable, 62 are located at the CNCS headquarters in Washington, DC and 173 work out of our field offices located across the United States.

11. Your testimony mentions that the Corporation engages in some baseline monitoring activities and some additional monitoring activities, if the resources and funds are available. How often does the Corporation utilize the additional monitoring activities?

Answer: In addition to the array of monitoring activities that are conducted routinely for all grants on a regular basis (e.g., reviews of program and financial reports), staff develop an annual "advanced monitoring plan" for conducting site visits and desk reviews that serves as a "baseline" monitoring plan for the year. Staff then regularly tracks progress against implementation of the plan throughout the year to ensure the monitoring in the monitoring plan is conducted. In addition to site visits and desk reviews identified in that fiscal year's baseline plan, the Corporation continues to evaluate whether there is a need for additional monitoring throughout the year. If there is, and as resources are available, additional site visits and desk reviews are conducted to help ensure prudence and diligence in our monitoring and ensure needs are met throughout the year.

12. You state in your testimony that the Corporation relies on risk assessment to monitor your grantees. As demonstrated by the evidence from the current situation with NY Planned Parenthood, this is not the most effective monitoring tool available. Please explain what the Corporation looks at when it conducts the risk assessment and how it actually finds problems.

Answer: The Corporation's effective monitoring program and risk assessment process, which benefits from continuous improvement, relies on several processes to monitor our grantees and identify problems – our annual monitoring planning assessment process is just one of the tools we use.

Our risk assessment process relies on 16 criteria that are most indicative of vulnerabilities in grants administration related to performance, financial weakness and/or non-compliance. The criteria are organized into four primary categories and include:

- Organizational Criteria: i.e., new grant recipient; change in legal applicant/responsible party; time since last monitoring visit; and staffing changes.
- Program Criteria: i.e., overall programmatic progress; multi-site program; participant enrollment and retention; innovative or untested program/project design; and major changes in project design or scope.
- Financial Criteria: i.e., large recipient and multiple awards; expenditures; and grantee match.
- Compliance Criteria: i.e., incomplete or late financial reports; audits and financial competency; recipient responsiveness; and incomplete or late progress reports.

Factors relevant to each of these 16 criteria are assessed to determine monitoring planning priority levels (i.e., high, medium, low) that are then used to inform development of the annual monitoring plan for site visits and desk reviews, along with any additional considerations documented by program and grants staff during the assessment process. While priority levels are a primary determinant in establishing the monitoring plan, they are just one of several considerations taken into account. The Corporation has also established several best practices for developing monitoring plans. For instance, one of our best practices is to conduct a site visit to new grantees during the first year of their award to the extent resources are available to do so. This best practice is employed regardless of the grantee's priority level in the assessment process.

Staff reviews of grant applications and program activity and regular communication with grantees are also part of our monitoring protocol. The problem at Planned Parenthood was discovered and corrected through those other on-going monitoring processes. Once discovered, the Corporation expanded its monitoring of the grantee and subgrantee and conducted a site visit to resolve the questions and concerns raised about alleged prohibited activities. This is an example of an "additional" monitoring activity that can take place during the year.

13. The law clearly states prohibited activities for grantees, subgrantees, and program participants. How could grantees or subgrantees believe the positions funded at Planned Parenthood would be appropriate based on the clear letter of the law?

Answer: Section 132A of the National Community Service Act of 1990 (42 U.S.C. §12584a) and the accompanying regulations (45 CFR §2520.65) identify 11 categories of prohibited activity. None of the prohibitions references or is specific to any particular organization. Instead, the prohibitions focus on the types of activity in which an AmeriCorps member may not engage during service hours.

Therefore, when a grantee or subgrantee evaluates whether a particular placement is appropriate and does not violate the prohibitions of Section 132A, it considers the type of service being provided, and not simply the site at which the service is being provided in determining whether to allow a member to serve in that position. When the Corporation discovered in May that there were two members serving at a Planned Parenthood site in New York City who were engaged in prohibited activities, it worked closely with the relevant grantee to ensure that the service stopped promptly. Through the review that ensued, the Corporation also identified ways to improve oversight by the grantee and understanding of the applicable law by the subgrantee.

14. It is clear that the number of program participants at the current level is too many for the Corporation to effectively monitor for instance of abuse. With this in mind, how can you reach the goal for the total number of participants established in the last reauthorization and still effectively monitor them?

Answer: We respectfully disagree with the assertion in this question that the current number of AmeriCorps members is too many for the Corporation to monitor effectively. Historically, our monitoring program has been highly effective at identifying and correcting grantee misconduct. The Corporation continuously improves upon these already high-performing systems, including through those efforts described in the Action Plan we have shared with the Subcommittee. It is important to note that the bi-partisan Edward M. Kennedy Serve America Act calls for the substantial expansion of the AmeriCorps program to 250,000 members by 2017. Consistent with our commitment to accountability and our track record of continuous improvement and ability to manage growth, the Corporation can successfully grow responsibly only if it receives the funding necessary to commit to its high standards for both agency programs and operations.

15. As stated in the hearing, oversight is necessary to ensure all federal agencies are in accordance with the law and using taxpayer dollars effectively. In the past five years, how many oversight hearings or audits has the Corporation completed?

Answer:

Congressional Oversight Hearings:

- June 23, 2011 hearing of the House Education and Workforce, Subcommittee on Higher Education, on the subject of "Demanding Accountability in National Service," at which CNCS testified and provided an overview of agency monitoring protocols.
- February 27, 2007 - Hearing of the House Education and Labor Subcommittee on Healthy Families and Communities on "Strengthening Communities: An Overview of Service and Volunteering in America", at which CNCS testified and provided an overview of national services programs.

Office of Inspector General (OIG) Audits, 2006-2011:¹

FY 2011

- Audit of CNCS' Fiscal Year 2010 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2010
- Audit of CNCS' Fiscal Year 2010 National Service Trust Schedules, issued 11/15/2010
- Federal Information Security Management Act (FISMA) Review For FY 2010, issued 11/10/2010
- Audit of the Volunteers in Service to America (VISTA) Budget Formulation and Execution Processes, issued 6/30/11
- Audit of National Civilian Community Corps (NCCC) Leases, issued 5/9/11
- Evaluation of Grant Monitoring by CNCS, issued 10/25/10
- Audit of Grants Awarded to the New York City Office of the Mayor, issued 7/28/11

FY 2010

- Audit of CNCS' Fiscal Year 2009 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2009
- Audit of CNCS' Fiscal Year 2009 National Service Trust Schedules issued 11/15/2009
- FISMA Review of CNCS for FY 2009, issued 2/05/2010
- Audit of the Volunteers in Service to America Member Support Unit (VMSU), issued 6/14/2010

¹ This list does not include the numerous audits of grantees conducted by the OIG.

FY 2009

- Audit of CNCS' Fiscal Year 2008 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2008
- Audit of CNCS' Fiscal Year 2008 National Service Trust Schedules issued 11/15/2008
- Evaluation of the Fiscal Year 2008 Budget Process, issued 8/07/09
- Review of Corporation Internet Use & Information Privacy, issued 3/20/09

FY 2008

- Audit of CNCS' Fiscal Year 2007 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2007
- Audit of CNCS' Fiscal Year 2007 National Service Trust Schedules, issued 11/15/2007
- Status of the Corporation's Implementation of Homeland Security Presidential Directive/HSPD-12, issued 9/25/08
- OIG Study Of CNCS' Federal Assistance Monitoring Tools, issued 7/23/08
- Follow-Up Review Of CNCS Policy And Controls For Refilling Vacated AmeriCorps Member Positions/Slots, issued 1/25/08

FY 2007

- Audit of CNCS' Fiscal Year 2006 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2006
- Audit of CNCS' Fiscal Year 2006 National Service Trust Schedules, issued 11/15/2006
- Follow-Up Review Of CNCS' Purchase And Travel Card Programs, issued 7/19/07
- Follow-up Assessment of the AmeriCorps Enrollment Procedures, issued 11/27/06

FY 2006

- Audit of CNCS' Fiscal Year 2005 Financial Statements, Internal Controls over financial reporting and compliance with laws and regulations, issued 11/15/2005
- Audit of CNCS' Fiscal Year 2005 National Service Trust Schedules, issued 11/15/2005
- Audit of CNCS' FEMA Hurricane Relief Mission Assignments, issued 9/25/06
- Review of CNCS' Purchase and Travel Card Programs, issued 8/7/06
- Audit of CNCS' Office of Procurement Services, issued 8/11/06
- Study of CNCS' Internet Use and Management Controls, issued 8/1/06
- Follow-Up Review and Assessment of CNCS' Alternative Personnel System, issued 1/31/06

Government Accountability Office (GAO) reports on Corporation operations, 2006-2011*FY 2010*

- Performance Measurement: Better Alignment to Strategic Goals and Data Verification Needed at CNCS, issued 07/28/2010

16. What is the cost per participant for all programs under the Corporation's jurisdiction?

Answer: In FY 2010, the average cost per member across the Corporation's three AmeriCorps programs was \$18,797. The cost per member by individual program is as follows:

- AmeriCorps State and National - \$7,950;
- AmeriCorps VISTA - \$18,391; and
- AmeriCorps NCCC - \$30,051.

17. Do you currently have measures in place to evaluate your programs? If so, how can you evaluate their effectiveness if you have trouble guaranteeing that prohibited activities are not occurring?

Answer: We respectfully disagree with the premise of the question that the Corporation does not effectively monitor prohibited activities. That said, yes, all Corporation programs currently have performance measures in place. In addition, most AmeriCorps grantees have opted in to our National Performance Measures Pilot, which launched in 2010. The National Performance Measures Pilot includes standard measures that can be compared and aggregated across all grantees, further enabling the Corporation to evaluate the performance of its grantees. On February 8, 2011, the Corporation's bi-partisan Board of Directors unanimously approved the agency's 2011-2015 Strategic Plan. The Plan provides a roadmap for using national service to address critical challenges facing our communities and our nation. It builds on the strong foundation of national service that has developed over the past four decades and the vision set forth in the bipartisan Edward M. Kennedy Serve America Act of 2009. It is the result of a nine-month collaborative effort between CNCS and our network of state commissions, grantees, project sponsors, participants, staff, and the public through which more 1,900 individuals provided input on our strategic direction.

The Plan recognizes the critical role that the Corporation and the network it supports plays in engaging millions of Americans in sustained service to solve community problems, supporting our most vulnerable citizens, strengthening the voluntary sector, and transforming lives. It also calls on all those involved in national service to lead and operate at the highest level of accountability, integrity and transparency.

To focus our efforts, the Plan lays out four strategic goals:

- Increase the impact of national service on community needs in communities served by CNCS-supported programs;
- Strengthen national service so that participants engaged in CNCS-supported programs consistently find satisfaction, meaning and opportunity;
- Maximize the value we add to grantees, partners and participants; and
- Fortify management operations and sustain a capable, responsive and accountable organization.

The Plan also recognizes that national service will have its greatest impact if we target resources on a core set of critical problems and carefully measure our progress. It prioritizes the six major challenges reflected in our authorizing statute: disaster services, economic opportunity, education, environmental stewardship, healthy futures, and veterans and military families. As we expand the National Performance Measures Pilot and gather data on grantee performance, we plan to adopt a set of priority performance measures that will further focus the Corporation's investments and clearly demonstrate the impact of national service and innovation initiatives in communities. The Corporation will continue to work closely with the grantees to ensure that data relevant to performance is collected and reported to the Corporation.

Clarification of response to question from Rep. Hinojosa:

Q: So what has your inspector general said regarding your response to this incident that we have learned about in New York?

A: We have been informed by our Acting Inspector General that he was asked by Senator Hatch and Senator Enzi to conduct some additional review of (1) CNCS's handling of the New York City Civic Corps' placement of two AmeriCorps members at Planned Parenthood of New York City; (2) the process by which CNCS reviewed and evaluated the appropriateness of the service being performed by each AmeriCorps member serving at a Planned Parenthood site and; (3) CNCS' monitoring protocol in general. The review requested by the Senators is currently underway and CNCS is cooperating fully with the OIG.

[Whereupon, at 11:07 a.m., the subcommittee was adjourned.]

