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NATIONAL SERVICE PROGRAMS

AmeriCorps*USA—First-Year Experience and Recent Program Initiatives

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National Service Programs: AmeriCorps*USA—First-Year Experience and Recent Program Initiatives

Madam Chairman and Members of the Committee:

We are pleased to be able to provide this statement for the record to assist the Committee in its oversight responsibilities for the Corporation for National and Community Service (the Corporation).

The Congress created the Corporation in 1993 to administer national service programs and the national service trust, which pays for participants' education awards. For fiscal year 1996, the Corporation's budget totaled about $600 million. Among the programs the Corporation administers is AmeriCorps, the largest national and community service program since the Civilian Conservation Corps of the 1930s. For fiscal year 1996, the Congress appropriated $215 million for AmeriCorps grants. The President has requested $261 million for fiscal year 1997.

The statement presents information on the AmeriCorps*USA program—the largest of the Corporation's programs. First, it highlights the major points contained in our report on AmeriCorps*USA issued last August.[1] The report focused on the total amount of resources made available from all funding streams to support AmeriCorps*USA in its first year of operation (1994-95), expressed on a per-participant and per-service-hour basis. The report also provided comparative information on the resources available to programs administered by nonfederal and federal entities, and cited examples of program benefits. Second, it highlights some of the recent legislative, budgetary, and programmatic changes in AmeriCorps*USA that have occurred since we testified before the House Subcommittee on Oversight and Investigations last October.

The information contained in my statement was based on data from several sources. We held extensive meetings with Corporation officials; examined legislation establishing the Corporation and national service programs; and reviewed Corporation program policies, guidance, and program evaluation plans. We also examined grant files for all grantees' programs that, according to the Corporation, received funds from fiscal year 1994 appropriations. Each file typically included the application submitted by the AmeriCorps*USA grantee, the grant award amount, and matching contributions proposed and budgeted by the grantee. Because the grant files did not contain detailed information on the source of matching contributions, we constructed a random sample of 80 of the 284 nonfederal grantees to collect resource and participant enrollment

[1]National Service Programs: AmeriCorps*USA—Early Program Resource and Benefit Information (GAO/HEHS-95-222, Aug. 29, 1995).

information.[2] Finally, we visited seven AmeriCorps*USA grantees' programs that represented a mix of characteristics, such as mission and scale, to gain insight into program operations, actual sources of funds, and program benefits. We also met again recently with Corporation officials to determine what initiatives they have undertaken to improve the cost and performance of AmeriCorps since last October.

In summary, total resources available for AmeriCorps*USA programs for program year 1994-95 included more than the Corporation's appropriations. Over one-third of the financial resources available for AmeriCorps*USA grantees' programs came from sources outside the Corporation, mostly from other federal agencies and state and local governments. Total resources available per AmeriCorps*USA participant averaged $26,654, of which about $17,600 came from the Corporation, $3,200 from non-Corporation federal sources, and $4,000 from state and local governments. The remaining amount, roughly $1,800, came from the private sector. Resources available per participant were lower for programs run by nonfederal organizations than for programs operated by federal agencies. Total resources available to AmeriCorps*USA grantees' programs equaled about $16 per service hour. These figures represent resources available for all program expenses and are not the hourly wages for participants.

While we did not try to quantify the benefits of the program, our review of activities at the seven program sites visited indicated that a variety of initiatives have been undertaken to support AmeriCorps*USA's goals. The legislation establishing AmeriCorps*USA authorizes grantees' programs to help communities address unmet human, educational, environmental, and public safety needs. At the grantees' sites we visited, we found that the projects had been designed to strengthen communities, develop civic responsibility, and expand educational opportunities for program participants and others.

Since our October testimony, the Congress and the Corporation have taken steps intended to lower AmeriCorps's cost to the federal government. For example, the Congress recently prohibited federal agencies from receiving AmeriCorps grants. In another example, the Corporation, through its grant award guidelines, now requires higher matching contributions from grantees for certain program costs, such as

[2]Because there were only 13 federal agency grantees, we were able to collect resource information from all of them.

staff salaries and project supplies and equipment. These changes and several others only affect programs for the 1996-97 program year.

Background

With the National and Community Service Trust Act of 1993 (P.L. 103-82), the Congress created the largest national and community service program since the Civilian Conservation Corps of the 1930s. AmeriCorps*USA allows participants to earn education awards to help pay for postsecondary education in exchange for performing community service that matches priorities established by the Corporation. Participants earn an education award of $4,725 for full-time service or half of that amount for part-time service. A minimum of 1,700 hours of service within a year is required to earn the full $4,725 award. The Corporation requires that programs devote some portion, but no more than 20 percent, of participants' service hours to nondirect service activities, such as training or studying for the equivalent of a high school diploma. To earn a part-time award, a participant must perform 900 hours of community service within 2 years (or within 3 years in the case of participants who are full-time college students). Individuals can serve more than two terms; however, they can only receive two education awards. The awards, which are held in trust by the U.S. Treasury, are paid directly to qualified postsecondary institutions or student loan lenders and must be used within 7 years after service is completed.

In addition to the education award, AmeriCorps*USA participants receive a living allowance stipend that is at least equal to, but no more than double, the average annual living allowance received by Volunteers in Service to America (VISTA) participants—about $7,640 for full-time participants in fiscal year 1994. Additional benefits include health insurance and child care assistance for participants who need them.

Individuals can join a national service program before, during, or after postsecondary education. A participant must be a citizen, a national, or a lawful permanent resident of the United States. A participant must also be a high school graduate, agree to earn the equivalent of a high school diploma before receiving an education award, or be granted a waiver by the program. Selection of participants is not based on financial need.

In its fiscal year 1994 appropriations, the Corporation anticipated fielding about 18,350 full- and part-time AmeriCorps*USA participants. The Corporation's budget for AmeriCorps*USA grants and national service education awards was about $249 million in fiscal year 1994. The

Corporation used about $149 million of its fiscal year 1994 appropriations to make about 300 grants to nonprofit organizations and federal, state, and local government agencies to operate AmeriCorps*USA programs.

Grant recipients use grant funds to pay up to 85 percent of the cost of participants' living allowances and benefits (up to 100 percent of child care expenses) and up to 75 percent of other program costs, including participant training, education, and uniforms; staff salaries, travel, transportation, supplies, and equipment; and program evaluation and administrative costs. Grants are based in part on the number of participants the program estimates it will enroll during the year. If participants leave the program during the year, the Corporation may either allow the program to redirect participant stipend and benefit funds to other program expenses or take back any unused portion of the grant.

To ensure that federal Corporation dollars are used to leverage other resources for program support, grantees must also obtain support from non-Corporation sources to help pay for the program. This support, which can be cash or in-kind contributions, may come from other federal sources as well as state and local governments, and private sources. In-kind contributions include personnel to manage AmeriCorps*USA programs as well as to supervise and train participants; office facilities and supplies; and materials and equipment needed in the course of conducting national service projects.

Consistent with AmeriCorps's enacting legislation, some federal agencies received grants during the initial 2 program years to support AmeriCorps*USA participants who performed work furthering the agencies' missions. Federal agency grantees could use their own resources in addition to the Corporation grant to integrate national service more fully into their mission work.

AmeriCorps*USA Primarily Supported by Public Resources

In its first program year, AmeriCorps*USA relied heavily on public support. The Corporation's appropriations accounted for almost two-thirds of resources available for AmeriCorps*USA grantees. When Corporation appropriations were combined with resources from other federal agencies and state and local governments, the public sector provided about 88 percent of the $351 million in total program resources available. Federal resources accounted for 74 percent (about $260 million), while state and local government contributions made up 14 percent ($50 million). Private cash and in-kind contributions constituted

the smallest share of resources, amounting to about 12 percent (or about $41 million).

Most of the Corporation's funding for AmeriCorps*USA projects went to providing operating grants and education awards. Of the Corporation's funding, 61 percent financed operating grants. Slightly over one-quarter supported participants' education awards, while the remainder went toward Corporation program management and administration.

Most of the matching contributions AmeriCorps*USA programs received came from public as opposed to private sources. About 69 percent of all matching resources came from either a federal or a state or local government source, with the split between cash and in-kind contributions being about 43 percent (about $57 million) and 26 percent (about $34 million), respectively. The remaining 31 percent of matching resources were from private sources, with cash and in-kind contributions accounting for 17 percent (about $23 million) and 14 percent (about $18 million), respectively.

In calculating resources available on a per-participant and per-service-hour basis (see table 1), we found that the average from all sources per AmeriCorps*USA participant was about $26,654 (excluding in-kind contributions from private sources). This amounted to about $16 per service hour or about $20 per direct service hour, assuming 20 percent of the 1,700 hours of total service was nondirect service time.[3] These figures represent resources available for all program expenses and are not the equivalent of annual salaries or hourly wages for participants.

[3]In establishing the national service program, the Congress wanted participants to engage in activities that benefit communities (direct service) and the program participants themselves (nondirect service). Direct service activities include those that address unmet human, educational, environmental, or public safety needs. Nondirect service activities include training participants to carry out national service projects and assisting them in making the transition to other educational and career opportunities after they complete national service.

Table 1: Per-Participant and Per-Service-Hour Resources Available for AmeriCorps*USA, by Source

Source of contribution	Resources available		
	Per FTE	Per service hour	Per direct service hour
Corporation for National and Community Service			
Resources	$17,629	$10.37	$12.96
Other federal			
Cash	2,247	1.32	1.65
In-kind	930	0.55	0.68
State and local government[a]			
Cash	2,272	1.34	1.67
In-kind	1,756	1.03	1.29
Private			
Cash	1,819	1.07	1.34
Total	$26,654	$15.68	$19.60

Notes: Items may not sum to totals because of rounding.

We calculated available resources per participant on a full-time-equivalent (FTE) basis.

[a]State and local contributors included state and city departments, such as police forces and school systems, and public 2- and 4-year postsecondary institutions.

It is important not to equate our funding information with cost data. Because most AmeriCorps*USA programs were still implementing their first year of operations, actual cost could not be determined. Funding and in-kind contributions from sources other than the Corporation were reported to us in May 1995 as resources already received or those that program directors were certain of receiving by the end of their current operating year. Therefore, actual resource and expenditure levels could be higher or lower than indicated by the estimates reported to us.

Federal Agency Programs Are Most Resource Intensive

We found significant differences in levels of resources available for nonfederal versus federal programs (see table 2). On average, AmeriCorps*USA programs operated by nonprofit organizations and state and local agencies received about $25,800 in cash and in-kind contributions per participant. In contrast, programs sponsored by federal agencies received about $31,000 in cash and in-kind contributions per participant—about 20 percent more than programs administered by nonfederal grantees. In addition, federal agencies relied far more on non-Corporation federal resources than their counterparts. On average,

federal agency grantees had about $15,500 in cash and in-kind contributions available per participant from federal sources other than the Corporation. Non-Corporation federal funds accounted for about 50 percent of total resources available to federal grantees.[4] Nonfederal AmeriCorps*USA grantees received resources of less than $800 per participant from non-Corporation federal sources, or about 3 percent of their total resources. The appendix contains more detailed program resource information by sponsoring agency.

Table 2: Comparison of Resources Available for Federal and Nonfederal AmeriCorps*USA Programs

Source of contribution	Nonfederal program resources	Federal program resources	All program resources
Corporation for National and Community Service			
Resources	$18,602	$12,665	$17,629
Other federal			
Cash	493	11,187	2,247
In-kind	261	4,338	930
State and local government			
Cash	2,607	564	2,272
In-kind	1,880	1,126	1,756
Private			
Cash	1,953	1,136	1,819
Total	$25,797	$31,017	$26,654

Note: Items may not sum to totals because of rounding.

Program Initiatives Support the Varied Goals of AmeriCorps*USA

In its mission statement, the Corporation had identified several objectives that spanned a wide range of accomplishments, from very tangible results to those much harder to quantify. During our site visits, we observed local programs helping communities. AmeriCorps*USA has also sponsored an evaluation of its own that summarized results at a sample of programs during their first 5 months of operation and identified diverse achievements related to each service area.

Meeting Unmet Needs

One of AmeriCorps*USA's objectives was to help the nation meet its unmet human, educational, environmental, and public safety needs, or as the Corporation states it, "getting things done." In our visits, we observed

[4]Almost all of the non-Corporation federal cash and in-kind contributions came from the sponsoring federal agencies themselves.

participants renovating inner-city housing, assisting teachers in elementary schools, maintaining and reestablishing native vegetation in a flood control area, analyzing neighborhood crime statistics to better target prevention measures, and developing a program in a community food bank for people with special dietary needs.

Strengthening Communities

AmeriCorps's legislation identified renewing the spirit of community as an objective, and the program's mission includes "strengthening the ties that bind us together as a people." We observed several projects focused on rebuilding communities. For example, a multifamily house being renovated was formerly a congregating spot for drug dealers. Program officials believe that after completion, it will encourage other neighborhood improvements. Another team built a community farm market and renovated a municipal stadium, both of which a town official said will continue to provide economic and social benefits to the community.

Another way to meet this objective was to have participants with diverse backgrounds working together. Participants of several programs we visited spanned a wide age range, from teenagers to retirees. Teams also showed diversity in educational, economic, and ethnic backgrounds. Participants said that a valuable aspect of the program was working with others with different backgrounds and benefiting from their strengths.

Fostering Responsibility

Another of AmeriCorps*USA's program objectives was to foster civic responsibility. We saw evidence of this at programs such as one where participants devoted half of each Friday to working on community service projects they devised and carried out independently. Participants at another program, in which they organized meetings to establish relationships between at-risk youth and elderly people, commented that this work had taught them how to organize programs, experience they believed would be helpful as they took on roles in their communities. Training periods included conflict resolution techniques and team-building skills.

Expanding Opportunities

Both the AmeriCorps legislation and the Corporation's mission identified expanding opportunities as an objective. In practice, individuals who participate in national service have their educational opportunities expanded by the education awards, which help them pursue higher

education or job training. At the sites we visited, participants indicated that the education award was an important part of their decision to participate in AmeriCorps*USA. Programs also supported participants in obtaining high school diplomas or the equivalent. According to Corporation regulations, a full-time participant who does not have a high school diploma or its equivalent generally must agree to earn one or the other before using the education award. In one program, a general equivalency diploma (GED) candidate was receiving classroom instruction and individual tutoring. She had recently passed the preliminary GED test after failing the GED test five times. After doing some extra preparation for the math portion, she will take the actual GED test again. A larger program that recruited at-risk youth, most of whom do not have high school diplomas, provided classroom instruction related to the service that participants performed, such as a construction-based math curriculum. Program officials said most of the participants are enrolled in high school equivalency courses and that at least five have already passed the GED test.

We also saw programs that offer participants the chance to get postsecondary academic credit. One such program, affiliated with a private college, offered participants the option of pursuing an environmental studies curriculum through which they can earn up to six upper-level credits at a reduced tuition. Half of the participants have chosen to do so. A second program allowed participants to earn 36 credit hours toward an associate's degree in the natural sciences through their service, which can lead to state certification as an environmental restoration technician.

Initiatives to Reduce AmeriCorps Costs

Since we reported on the program last October, both the Congress and the Corporation have implemented measures aimed at lowering AmeriCorps's cost. On the legislative side, the Congress mandated new funding restrictions for the Corporation. On the programmatic side, the Corporation, after consulting with Members of Congress, has revised its grant guidelines. These new measures will only affect programs receiving grants for the upcoming 1996-97 program year.

Legislative Mandates

In addition to reducing AmeriCorps grant funding by $4 million (from $219 million in fiscal year 1995 to $215 million in fiscal year 1996), the 1996 fiscal year appropriations act (P.L. 104-134) put into place requirements for the 1996-97 AmeriCorps program year. One requirement renders

federal agencies ineligible to receive AmeriCorps grants.[5] The law also requires that to the maximum extent possible, the Corporation (1) increase the amount of matching contributions provided by the private sector and (2) reduce the total federal cost per participant in AmeriCorps programs. As part of the fiscal year 1996 appropriations act, the Congress also mandated that GAO further study the Corporation's operations. We expect to complete our study by the end of this fiscal year.

Corporation Initiatives

In recent months, the Corporation has worked with Members of Congress to identify ways to reduce AmeriCorps's program costs. Subsequently, the Corporation has revised its grant application guidelines for programs receiving funding in the upcoming 1996-97 program year. For example, in response to congressional concerns over the cost of mandating the purchase and use of uniforms, the AmeriCorps*USA uniform package (t-shirt, sweatshirt, button, and so on) is no longer a program requirement. The Corporation also has directed grantees exceeding a program year 1995-96 cost per participant of $13,800 to reduce their proposed program year 1996-97 per-participant costs by an overall average of 10 percent.[6] The Corporation has also increased the grantee's share of total program operating costs from 25 to 33 percent for grants awarded for the 1996-97 program year.[7] The Corporation's revised grant guidelines also seek to reduce costs by encouraging a program requesting increased funding to add additional participants, thereby reducing its cost per participant. The guidelines also encourage programs to seek additional funding only for education awards.

Concluding Remarks

In summary, I would like to reemphasize what our AmeriCorps*USA review addressed. We determined, on a national scale, the total amount of resources available to AmeriCorps*USA programs to—in the

[5]The Corporation's new grant guidelines, however, do allow local nonfederal programs that were formerly subgrantees of federal agency AmeriCorps grants to reapply for a 1-year renewal grant for program year 1996-97.

[6]The Corporation, in its 1996 guidelines, calculates the "per member cost" as the total Corporation grant award divided by the number of full-time equivalent AmeriCorps participants. The $13,800 per-participant figure is a baseline amount of Corporation funding and excludes the $4,725 education award and Corporation overhead.

[7]Program operating costs include training and education of AmeriCorps participants, program staff salaries, supplies and equipment, and evaluation costs. Program operating costs exclude AmeriCorps participant support costs (stipend per full-time participant of at least $7,945 for program year 1996-97 and health insurance for each participant), child care costs, and an education award of $4,725. These costs can be covered, either fully (for education awards and child care) or up to 85 percent (for participant support), with Corporation funds.

Corporation's words—"get things done." Total resources available means many things. It means cash and in-kind contributions that pay participants' living allowances, social security taxes, health insurance, child care, and the education awards they earn in exchange for their service. It means resources available to pay local program staff who manage operations and supervise staff; to pay rent for office space and purchase supplies; to pay for travel and transportation for program staff and participants; and to pay for materials needed to conduct national service projects. It means resources available to pay for planning grants used to design and formalize future national service programs. And it means resources available to pay for the staff and operations of the Corporation for National and Community Service.

Our objective was not to draw conclusions about whether AmeriCorps*USA was cost-effective. Rather, it was to gather information on the total amount of resources available to AmeriCorps*USA programs nationwide and to provide this information by resource stream—that is, by federal, state, and local government and private sources. Though not precise cost data, this information illustrated the funding levels that may be needed to support new program endeavors of similar scale in the future. It also indicated the degree of partnership between the public and private sectors.

Since we completed our review, the Congress and the Corporation have undertaken a number of measures that are intended to reduce the costs of AmeriCorps. Because many of these initiatives will not take effect until the upcoming 1996-97 program year, it is too early to determine their impact.

Madam Chairman, that concludes my statement for the record.

Contributors

For more information about this testimony, please call Wayne B. Upshaw at (202) 512-7006 or Carol L. Patey at (617) 565-7575. Other major contributors to this testimony included C. Jeff Appel, Nancy K. Kintner-Meyer, and James W. Spaulding.

Resources Available for AmeriCorps*USA Programs Sponsored by Federal Agencies

Federal agency grantee: AmeriCorps*USA program	Corporation award (adjusted)	Other resources			Number of FTEs	Resources available		
		Other federal	State/local	Private cash		Per participant	Per service hour	Per direct service hour
Agriculture: AmeriCorps/USDA	$2,467,281	$21,156,957	$979,355	$740,250	1131.5	$29,186	$17.17	$21.46
Defense/Navy: Seaborne Conservation Corps	650,226	2,166,338	0	0	47.0	66,715	39.24	49.06
Energy: Salmon Corps	792,718	1,375,325	0	105,410	72.0	38,363	22.57	28.21
Environmental Protection Agency: Improving Disadvantaged Neighborhoods	1,427,335	1,083,947	351,425	106,705	92.0	39,064	22.98	28.72
Health and Human Services/Agency for Children and Families: FamilyServe	506,667	393,482	82,958	50	50.0	26,450	15.56	19.45
Health and Human Services/ Administration on Developmental Disabilities: ADD Corps	669,300	242,868	232,508	191,536	34.5	45,519	26.78	33.47
Health and Human Services/Health Resources and Services Administration: HRSA Model Health Service Corps	777,833	346,047	157,315	67,191	58.5	29,837	17.55	21.94
Interior: Interior AmeriCorps*USA Program	1,149,467	1,776,914	67,315	720,000	155.0	30,747	18.09	22.61
Justice: JustServe	1,277,183	1,670,000	1,227,236	0	172.5	30,987	18.23	22.78
Labor: AmeriCorps/Youth Fair Chance	542,623	299,320	0	0	50.5	23,459	13.80	17.25
National Endowment for the Arts: Writers Corps	379,198	194,984	10,000	155,000	35.5	27,610	16.24	20.30
National Institute for Literacy: Literacy* AmeriCorps	737,847	29,600	34,700	160,913	62.5	22,196	13.06	16.32
Neighborhood Reinvestment Corporation: NeighborWorks Community Corps	0	566,000	144,500	30,000	28.0	33,234	19.55	24.44
Transportation: National Service Initiative	270,250	420,099	182,696	56,397	42.0	28,917	17.01	21.26
Veterans Affairs: Collaboration for Homeless Veterans	423,077	159,450	0	0	22.0	33,266	19.57	24.46
Total	**$12,071,004**	**$31,881,332**	**$3,470,008**	**$2,333,452**	**2,053.5**	**$31,017[a]**	**$18.25[b]**	**$22.81[c]**

(Table notes on next page)

Note: Items may not sum to totals because of rounding.

[a]This figure is the sum of (1) Corporation award (adjusted), other federal contributions, state and local government contributions, and private cash, for all federal agencies together, divided by number of FTEs for all federal agencies, plus (2) an education stipend of $4,725 per FTE, plus (3) Corporation overhead of $2,062 per FTE. It is not an average of the individual agency figures.

[b]This represents the resources per participant divided by 1,700 service hours. It is not an average of the individual agency figures.

[c]This represents the resources per participant divided by 1,360 direct service hours. It is not an average of the individual agency figures.

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