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COMMISSION ON NATIONAL AND COMMUNITY SERVICE

MEMORANDUM
May 25, 1993

TO: Tom Sander
FROM: Chris Murphy
SUBJ: CNCS grants to organizations affiliated with CNCS Board members

This memo is to follow up on your recent inquiry regarding grants that the Commission on National and Community Service has made to organizations with whom Commission Board members have a relationship

Of the 390 grants totaling $166 million which the Commission has made during our two years of operation, seven grants for $8.57 million or 5.2% of total Commission funds have been made to five organizations with whom Board members are associated. Each of these five organizations are leaders in their area of specialty within the service field. In each and every instance Board members took no part in the preparation of grant applications and recused themselves from all aspects of the grant review discussion and voting processes concerning programs with which they were associated.

Of the $8.57 million in Commission funds that have gone to organizations with associations with Commission Board members, nearly all--$7 million--went to expand the CITY YEAR program over a two year period. As you know, CITY YEAR is the nationally recognized full-time national service program--the only such program which was up and running on a small scale before Commission funding. Alan Khazei, the co-founder of CITY YEAR, served on the Board of Directors of the Commission until his resignation in January of this year. As in all instances where there is even a remote appearance of a conflict of interest on the part of our Board, Alan recused himself from voting on and participating in the discussion about this grant.

The remaining Commission funding that has gone to organizations with whom Board members have a relationship totals $1,572,300. The break down is as follows:

Nonprofit Risk Management Center	$118,300
Campus Outreach Opportunity League	$377,000
Campus Compact	$952,000
Indiana Consortium for Voluntary Service	$125,000

The Nonprofit Risk Management Center was established last year to provide advice on legal matters relevant to the service field. The Commission awarded the Center a grant to develop six issue briefs for our grantees on

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topics such as liability and workers compensation for service participants, and stipend and post-service benefit taxability. Commission Board member Shirley Sagawa recused herself from this grant when it was voted on at our Board meeting December 6, despite the fact that she was a new, volunteer Board member to the Nonprofit Risk Management Center at the time and did not attend her first Center Board meeting until December 10.

The Campus Outreach Opportunity League (COOL) is the only national, youth run, service-oriented network whose aim is to encourage and empower young people to participate in service programs to effect positive change in their communities. They are uniquely positioned to meet the needs of college students engaged in service. Like Alan Khazei, Board members Karen Young, who worked with the Campus Outreach Opportunity League at the time, and Wayne Meisel, who co-founded COOL ten years ago, recused themselves from any grant decisions relating to COOL. Karen Young is no longer on the Commission's Board.

An organization of college presidents committed to increasing and enhancing service opportunities on their campuses, Campus Compact is the only such organization working to institutionalize service on campuses across the country and to establish state networks of higher education institutions interested in advancing the service field. Commission Board member and President of Indiana University Tom Ehrlich, who also volunteers on the Campus Compact Board, recused himself from all Campus Compact related grants.

The Indiana Consortium for Voluntary Service was one of twenty three consortia or partnerships of institutions of higher education in fifteen states which the Commission funded last year. This grant was for a coordinated effort to expand campus-based service opportunities at six colleges and universities in Indiana. The program was run through Earlham College in Richmond, IN. Commission board member and president of Indiana University Tom Ehrlich played no part in the development of the Indiana Consortium proposal and recused himself from discussing or voting on this grant. In fact, Tom recused himself from all grant decisions related to higher education-based service programs.

From the outset, the Commission has utilized a peer review process, in which outside reviewers who are experienced in the service area and are from diverse backgrounds have independently reviewed and rated the grant applications. This process has been used in all of the Commissions' grant competitions. As is the case for all our grants, in each and every instance in which a grant was made to an organization even loosely affiliated with a Board member, the grant proposal underwent a thorough independent peer review. In addition, the Commission has turned down at least two proposals from organizations with whom Board members are affiliated.

The Commission was quite aware from the beginning of the need to avoid even the appearance of conflicts of interest. This was of particular importance because Congress had chosen two separate functions for the Commission. On the one hand, the Commission was mandated to perform an advisory role to Congress and the President concerning developments in national and community service (42 U.S.C. 12651 (c)(1). It was for this reason in particular that Congress mandated that the Board of Directors should be composed of 21 members who have extensive experience in volunteer and service opportunity programs (42 U.S.C. 12651 (b)(1)(i). At the same time, the Commission has had extensive grant making authorities. In order for the Commission to perform both of these functions, it was necessary to devise procedures to ensure that there was no conflict of interest concerning Board members who "have extensive experience in volunteer and service opportunity programs," and those programs themselves.

The Commission developed conflict of interest procedures, utilizing advice from the White House Counsel and the Office of Government Ethics. In essence, those procedures ensured that no member of the Board would take part in the preparation of any application for funds from the Commission. If any organization that was connected to a Board member, business associate or family applied, the Board member recused himself or herself from any discussion or vote in connection with the application. These rules were scrupulously adhered to.