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COMMISSION ON NATIONAL AND COMMUNITY SERVICE

MEMORANDUM

May 25, 1993

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Catherine Milton
Executive Director

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

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.

INFORMATION SHEET ON PERSONNEL STRUCTURE OF THE CORPORATION

In an effort to streamline the bureaucracy and "reinvent government" through a flexible and accountable structure, the President has proposed a new Corporation for National Service, combining the existing ACTION agency and Commission on National and Community Service. The structural goals of the new Corporation are:

- to use the best management principles of the private sector while providing the kind of accountability expected of a government entity;
- to attract the best people from two existing agencies and elsewhere, including the private sector, and place them in the positions for which they are most qualified;
- to treat fairly and reasonably current employees of the two agencies, as well as new employees of the Corporation.

To achieve these goals, the new Corporation, as amended by the substitute, does the following:

- allows for employment decisions based on merit standards and competitive selection;
- allows for a flexible structure so functions of the two existing agencies may be combined when efficient and the staff reorganized if appropriate;
- creates a merit pay system;
- provides employee grievance procedures as authorized under Title V of the Civil Service Act;
- makes employees of the Corporation eligible for federal health benefits and Civil Service retirement on the same basis as other federal employees and allows them to count service at the Corporation towards years of service for purposes of future competition for civil service positions; and
- provides for the leadership of the Corporation to be appointed by and accountable to the President and to Congress.

The President's proposal allows for the following additional provisions with respect to ACTION personnel:

- for at least one year following date of enactment, all ACTION employees will have job protection;

- after one year or up to eighteen months after the date of enactment, ACTION employees working with the VISTA and Older American Volunteer Programs, and any other employees whose functions are transferred to the new Corporation, will become employees of the Corporation, retaining their civil service status for the duration of their service in the transferred position or any position to which they are promoted;
- all ACTION employees will be guaranteed fair consideration for any position in the Corporation, and if hired rather than transferred, will serve under the more flexible personnel rules of the Corporation;
- any ACTION employee not transferred and not otherwise hired by the Corporation will be given the option of an early retirement package (if they are close to retirement) or preferential hiring within the civil service and aggressive outplacement assistance; and
- any ACTION employee not employed by the Corporation may file a grievance to have his or her case reviewed.

"TRIGGER" AMENDMENT

NATIONAL SERVICE IS NOT JUST A HIGHER EDUCATION PROGRAM.

- National service is about more than paying for school; it's an investment in our communities to meet urgent unmet needs -- fighting crime, reducing pollution, improving health and teaching our children.
- It provides valuable skills to participants who will need to compete for jobs after school.
- It offers aid for education in return for a full service commitment, much as veterans receive the GI Bill benefits after completing military service.
- National service has one benefit that can't be quantified: restoring the spirit of community and reawakening the sense of citizenship in young Americans.

THE PRESIDENT REMAINS FULLY COMMITTED TO HIGHER EDUCATION PROGRAMS

- The Clinton administration has diligently fought to reverse years of irresponsibility in the funding of Pell Grants. First, in his stimulus package and then, as an amendment to the budget, the President has insisted on covering the 2 billion dollar shortfall he inherited.
- The Administration is working with the Appropriations Committees restore cuts in campus-based programs and it appears that significant funding will be replaced.

COST

CONGRESS WILL DECIDE ANNUALLY ON FUNDING LEVELS

- The National Service Trust Act includes a request of \$394 million for 1994 and "such sums" as may be appropriated language for the out-years. The program will grow as demand and capacity grow, at a level consistent with maintaining quality and keeping spending under control. National service won't continue if it doesn't succeed.
- The Committee substitute establishes a 3-year authorization for the legislation. This Committee and the Appropriations Committee will decide with Congress in three years whether and at what funding level the program continues. It will cost only as much as the Congress allows.
- The \$7.4 billion figure represents the five-year budget authority projection in the FY 94 budget. This legislation does not authorize specific funding levels beyond FY 94.

NATIONAL SERVICE IS A VITAL INVESTMENT

- National service is an investment that pays the nation back in three different ways. It meets the unmet needs of our communities: fighting crime, reducing pollution, improving health and teaching our children. It provides valuable skills to participants. And it offers aid for education. The program has just as much in common with training programs or community development efforts as with education aid.
- National service also has other benefits that can't be quantified: building community by breaking down the barriers that divide us and uniting us in a common purpose, and teaching citizens responsibility -- and introducing young people to a lifetime of giving back to their communities.

STIPENDS

- Service should be for everyone, not just the wealthy, and ordinary Americans need money to live on while they serve. National service is a full-time, long-term commitment, and you can't serve if you can't eat.
- We have had many successful service programs that offer modest stipends, ranging from the Civilian Conservation Corps in the New Deal to the Peace Corps and VISTA today.
- The stipend is based at the level VISTA volunteers receive, roughly minimum wage. Nobody is going to get rich doing national service.
- The proposal also supports a variety of traditional voluntary efforts. It includes support for K-12 service learning programs, which instill an ethic of service in youth that can last a lifetime. It includes assistance for the Points of Light Foundation, to extend its activities in support of volunteer service. And the legislation will support the RSVP, which involves retired seniors in service. In addition, some stipended participants in the new program will organize other volunteers who receive no support -- stimulating traditional volunteer service.
- National service won't "crowd out" voluntary efforts. What the program will do is to offer a new source of assistance to the voluntary sector; to build greater public-private partnerships; and to encourage Americans to support the non-profit sector, by making its efforts and its nonbureaucratic spirit the heart of the new initiative.

Please see the list of endorsements from 42 organizations.

DIVERSITY

- National service should bring together Americans from diverse economic backgrounds in service to our communities. When we work together, we discover the values and the bonds that unite us. Nothing is more important in America right now than breaking down the barriers that divide our communities.
- Not all programs will be diverse -- and that's fine. Specifically, youth corps offer important benefits like job training and GED help that are especially for disadvantaged youth.
- But there has to be diversity in the program as a whole -- and that requires broad eligibility for participation. High school dropouts in many service corps and college graduates in professional corps should be on the same team, working for common goals. Even if individual programs aren't diverse, the national service initiative as a whole has to be an American program that includes the full spectrum of Americans.
- There will be special efforts to ensure that programs meet the greatest needs. Nobody wants to see programs serving the most affluent communities. That's why there is a special priority for programs in areas that need help most, and why the Committee substitute targets 50 percent of program funds to areas of greatest need.
- Programs will recruit from the areas they serve -- but not only there. The substitute ensures that 50 percent of programs in distressed areas will recruit participants from the areas they serve.
- All programs are required to make special efforts to recruit disadvantaged young people. It can be harder to reach at-risk youth; the program makes sure that happens. And, by providing a living allowance and health and child care benefits, the program makes it possible for low-income participants to serve.
- But the program can't only involve at-risk youths. Without diversity, it won't build a spirit of citizenship; it won't send the message that service is for everyone; it won't reunite Americans; and ultimately, it won't win the support of American taxpayers.

Please see the attached list of diverse programs and anecdotes from the Summer of Service.

DIVERSITY

Examples from the Summer of Service

- In **Maryland's MPower** program, students from University of Maryland at College Park work alongside youth offenders from the Department of Juvenile Services. A staff member from the program says: "A mixing of economic and racial diversity provides positive peer role models for young people on both sides of the fence and opens the eyes of both types of participants. That is the essence of service. We have had programs just for poorer people and the dropout rate is very high because it is seen as just a jobs program."
- The **East Bay Conservation Corps** in San Francisco will engage Oakland poor youths alongside students from UC Berkeley schools such as and Brown University Medical School. According to the program director, "We seek to mirror the community in solving its problems ... and the community is not all one type of person, but a mixture of people from different backgrounds. Racism and bigotry come from ignorance, and by working together people of different backgrounds can overcome such problems."
- At **New Orleans Summerbridge**, there will be youths in the free lunch program working beside graduates of expensive private schools. According to the director, "The kids from low-income backgrounds are exposed to a whole new world ... And the reverse is true as well ... "Our experience is that it is much more effective for kids from all walks of life to serve together. The transmission of cultural information among low and higher income participants is almost as important as the service they are providing."
- One typical team in **Philadelphia's ICARE** includes 10 students from a community college, a Harvard student, a Yale student, two high school students, and an out-of-school teen mother. According to the program director, "One of our poorer, inner city kids said, 'It was important to me to see what a person from a different background was like rather than reading or hearing about them on television ...it goes the other way too, I know the rich kids learned a lot from me, too.'"
- Participants in **Build Up LA** range from a corporate attorney who quit her law firm to work in the Summer of Service to a young Latino man from South Central Los Angeles who is the first person in his family to graduate from high school. About 25% of Build Up LA participants are non-college bound students and 40% college.

MEANS-TESTING

- National service is what its name says -- a service program to meet the unmet needs of communities, not just an education program. And service isn't just for the poor; it's for everyone. Americans should be able to serve regardless of race or economic background.
- The Administration strongly supports means-tested education aid; this program is different. The Administration has twice proposed full funding of the Pell shortfall, and it is working with the Labor/HHS Appropriations Subcommittee to restore cuts in campus-based aid.
- National service should unite Americans from diverse backgrounds for common purposes. In working side by side in the same program, different kinds of Americans can learn from one another, breaking down barriers and developing values to unite us. Means-testing would destroy the diversity that is central to the program.
- The educational award expresses the basic American idea that when you give something to your country, you should get something back in return. Just as a veteran or a participant in the Public Health Service Corps receives educational benefits based on service, regardless of his or her income, those who serve our country through the national service program should receive the educational award -- based on their work, not their background.
- We're all equals and we should be treated that way. Everyone has something to give, and everyone should get the same thing in return.
- National service should be a broad-based program that involves Americans from all different backgrounds and delivers much-needed services. That's how it will win the support of American taxpayers.